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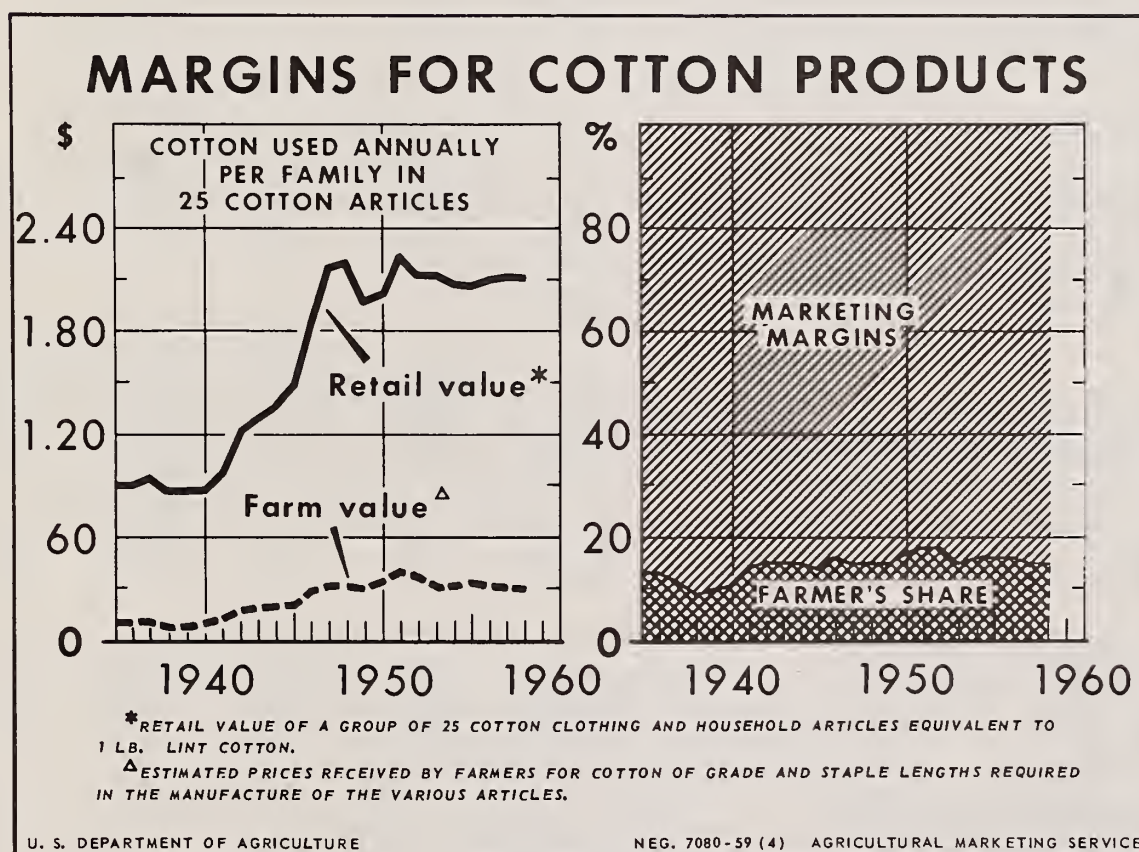
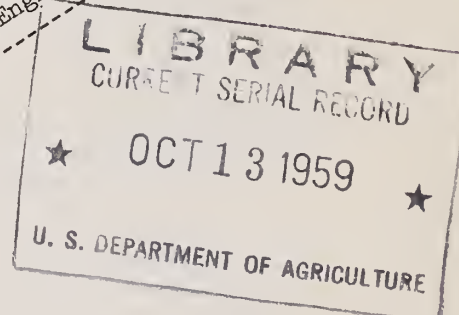
April 1959
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MARKETING and TRANSPORTATION SITUATION

MTS-133



In this issue:
Marketing Channels and Division
of Consumer's Dollar for Cotton
and Wool
Marketing Spreads for Turkeys
in Selected Cities
Assembling New England Poultry



The retail value of cotton products rose rapidly from 1940 through 1948. Most of this rise resulted from an increase in marketing margins (measured by the spread between retail value and farm value of lint cotton used in these articles). The farm value increased by a greater percentage than either retail value or margins but the absolute increase was so

small it had little effect on the retail value. Unlike unit marketing charges for food and tobacco products, margins for these cotton articles have not risen above their 1948 level. Marketing charges make up a considerably larger part of the retail value of textile products than of most food products because textiles embody more marketing services.

Published quarterly by
AGRICULTURAL MARKETING SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	1958				1959	
		Year	Jan.-Mar.	July-Sept.	Oct.-Dec.	Jan.-Mar.	
<u>Farm-to-retail price spreads</u>							
Farm-food market basket: 1/							
Retail cost	Dol.	1,065	1,056	1,068	1,048	1,043	
Farm value	Dol.	427	436	420	406	406	
Farm-retail spread	Dol.	638	620	648	642	637	
Farmer's share of retail cost	Pct.	40	41	39	39	39	
Cotton products: 2/							
Retail cost	Dol.	2.11	2.12	2.10	2.11	---	
Farm value	Dol.	.32	.32	.32	.32	---	
Farm-retail spread	Dol.	1.79	1.80	1.78	1.79	---	
Farmer's share of retail cost	Pct.	15	15	15	15	---	
Tobacco products: 3/							
Retail cost	Dol.	3.65	---	---	---	---	
Farm value	Dol.	.55	---	---	---	---	
Federal and State excise taxes	Dol.	1.39	---	---	---	---	
Farm-retail spread excluding excise taxes	Dol.	1.71	---	---	---	---	
Farmer's share of retail cost	Pct.	15	---	---	---	---	
<u>General economic indicators</u>							
Consumers' per capita income and expenditures: 4/							
Disposable personal income	Dol.	1,790	1,768	1,806	1,801	---	
Expenditures for goods and services	Dol.	1,669	1,653	1,670	1,688	---	
Expenditures for food	Dol.	397	395	397	396	---	
Expenditures for food as percentage of disposable income	Pct.	22	22	22	22	---	
5/							
Hourly earnings, production workers, manufacturing	Dol.	2.13	2.10	2.19	2.19	2.20	
Hourly earnings of food marketing employees 6/	Dol.	1.98	1.97	2.02	2.03	2.04	
Retail sales: 7/							
Food stores	Mil. dol.	4,190	4,167	4,242	4,244	4,274	
Apparel stores	Mil. dol.	1,043	1,004	1,101	1,032	1,082	
Manufacturers' inventories: 7/							
Food and beverage	Mil. dol.	4,685	4,660	4,646	4,669	4,739	
Textile	Mil. dol.	2,559	2,638	2,469	2,487	2,461	
Tobacco	Mil. dol.	1,873	1,911	1,904	1,881	1,904	
Indexes of industrial production: 8/							
Food and beverage manufactures	1947-49=100:	115	114	117	118	120	
Textiles and apparel	1947-49=100:	104	97	110	111	112	
Tobacco manufactures	1947-49=100:	118	112	126	121	---	
Index of physical volume of farm marketings							
	1947-49=100:	124	97	139	127	104	
<u>Price indexes</u>							
Consumer price index 5/							
Wholesale prices of food 5/	1947-49=100:	124	122	124	124	124	
Wholesale prices of cotton products 5/	1947-49=100:	110	110	106	106	105	
Wholesale prices of woolen products 5/	1947-49=100:	88	89	89	89	90	
Prices received by farmers 2/	1947-49=100:	101	104	98	97	98	
Prices paid by farmers 9/	1947-49=100:	92	91	90	90	90	
	1947-49=100:	114	113	114	115	115	

1/ Average quantities of farm food products purchased per wage-earner and clerical-worker family in 1952.

2/ Data for average family purchases in 1950 of 25 articles of cotton clothing and housefurnishings divided by number of pounds of lint cotton required for their manufacture; see U. S. Dept. Agr. Mktg. Res. Rpt. 277.

3/ Data for 4 tobacco products from 1 pound of leaf tobacco (farm-sales weight), weighted by leaf equivalent of current tax-paid withdrawals; fiscal year beginning July 1957. 4/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data. 5/ Dept. of Labor. 6/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. of Labor. 7/ Seasonally adjusted, Dept. of Commerce. Annual data for 1957 are on an average monthly basis. 8/ Seasonally adjusted, Board of Governors of Federal Reserve System. 9/ Converted from 1910-14 base. Data for Sept. 1952 and later months revised, Feb. 1959.

THE MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board April 29, 1959

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SUMMARY

Retail prices of farm food products averaged 1 percent lower in the first quarter of this year than in the same period of 1958. Prices received by farmers were down 7 percent but the effect on retail prices of this decrease was largely offset by an increase of 3 percent in marketing charges.

Farmers' prices for most groups of food products in the first quarter of 1959 were lower than a year earlier. Percentage decreases were largest for fats and oils, bakery and cereal products, and poultry and eggs. Farm prices for meat animals, which accounted for about half the rise in the general level of farm prices last year, were down 6 percent from the first 3 months of 1958. Farmers' prices probably will continue below a year earlier through 1959, mainly because of heavy supplies of hogs, chickens, eggs, and some other food products.

Operating costs of food-marketing firms are higher than a year earlier. Hourly earnings for employees of food-marketing firms in February averaged about 4 percent above the same month last year but unit labor costs probably rose less because of increased productivity. Transportation costs in March also were up from last year. Some increase in marketing costs is likely in the months ahead.

Although marketing charges are higher than a year ago, they have dropped slightly below the record level of the third quarter last year. Both retail prices of farm food products and prices received by farmers were down from peaks reached in the second quarter of last year.

Farmers received 39 cents of the dollar consumers spent for farm foods in the quarter just ended, the same as in the preceding 3-month period, but 2 cents less than in the first quarter last year. During 1949-58, the quarterly average farmer's share varied from 39 to 49 cents.

Consumer demand for food products continued strong during 1958 and is expected to remain strong this year. Sales of retail food stores increased during the quarter just ended. Expenditures for food per person held relatively steady in 1958, despite the dip in per capita disposable income in the first quarter.

Special Features in This Issue

Marketing charges make up a considerably larger part of the retail cost of textile products than of most food products. It is estimated that in 1957 they amounted to more than 86 percent of the retail cost of a group of cotton articles bought by household consumers and about the same percentage for a similar group of woolen articles. The comparable proportion for food products was 60 percent. These textile articles embody much more processing than do most food products. An article in this issue describes the services performed by marketing firms in converting the farm-produced fibers into the articles bought by consumers and gives estimates of the proportions of the consumer's dollar that pay for these services (pp. 15-25).

Farm-retail spreads for turkeys in October-December 1958 averaged higher than a year earlier but were a little lower than in the same period of 1956. Changes in gross margins taken by retail stores accounted for most of the variation in farm-retail spreads. The second special article in this issue discusses marketing spreads for turkeys (pp. 26-31).

The number and types of firms assembling poultry in New England have changed greatly in recent years. These changes reflect developments in the producing, processing, and distributing segments of the poultry industry. The final article describes the present system of assembling poultry, the recent changes, and the effects on marketing practices, resource use, efficiency, and costs (pp. 32-37). The developments in New England are believed to be similar in many respects to those in other regions.

FARM-RETAIL SPREADS FOR FARM FOOD PRODUCTS

Farm Value 7 Percent Below a Year Ago

After rising sharply in late 1957 and the first 3 months of 1958, the farm value of the "market basket" of farm foods dropped almost steadily during the remainder of 1958 (table 1). ^{1/} Since December the farm value has been fairly stable and averaged \$406 (annual rate) in the quarter just ended, \$31 below the first quarter of 1958. (See table on inside of front cover.)

Most of the decrease in the farm value of the market basket was accounted for by three groups: Meat products, poultry and eggs, and fruits and vegetables (table 10, p. 40). Last year supplies of meat animals were relatively low and adverse weather resulted in high prices during the early part of the year for most fresh vegetables and some citrus fruits. However, the largest percentage change among the product groups was a 15-percent decline for the fats and oils group. A drop in the price of hogs sharply reduced the farm value of lard, and lower prices for cottonseed and soybeans affected the farm values of several products in this group. The farm value of the bakery and cereal products also showed a large decrease, caused mainly by a reduction of 18 cents per bushel in the support price for the 1958 wheat crop from the support level for the 1957 crop.

The farm value of the market basket during the quarter just ended was the same as in the fourth quarter of 1958. Usually it increases slightly during this period. However, the farm value of some product groups changed significantly. Fruits and vegetables increased 8 percent, more than the usual seasonal rise. Meat products declined 2 percent, slightly more than the usual seasonal change. Fats and oils decreased 4 percent.

The total farm value of the market basket is likely to continue below last year's levels for the next few months, mainly because of lower prices for hogs, fresh fruits and vegetables, and eggs.

Farm-Retail Spread Higher Than Last Year

The total farm-retail spread for the foods in the market basket in January-March 1959 was 3 percent above the same period last year. ^{2/} Marketing charges, as measured by the farm-retail spread, continued their

^{1/} The "market basket" contains the average quantities of farm-produced food products purchased for consumption at home per urban wage-earner and clerical-worker family in 1952. Additional information concerning the contents of the market basket and methods of estimating market-basket data are given in "Farm-Retail Spreads for Food Products," U. S. Dept. Agr., Misc. Pub. 741, 1957. The farm value is the payment farmers received for the farm products equivalent to the foods in the market basket.

^{2/} The farm-retail spread or difference between the retail cost of the market basket and the farm value is an estimate of charges made by marketing agencies for assembling, processing, transporting, and distributing the products in the market basket. The farm-retail spread is also referred to as the marketing margin.

Table 1.- The farm food market basket: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, 1947-59 ^{1/}

Year and month	Retail cost ^{2/}	Farm value ^{3/}	Farm-retail spread	Farmer's share
	Dollars	Dollars	Dollars	Percent
1947	911	467	444	51
1948	982	497	485	51
1949	928	435	493	47
1947-49 average	940	466	474	50
1950	920	432	488	47
1951	1,024	497	527	49
1952	1,034	482	552	47
1953	1,003	445	558	44
1954	986	421	565	43
1955	969	395	574	41
1956	972	390	582	40
1957	1,007	401	606	40
1958	1,065	427	638	40
1958				
Jan.	1,042	422	620	41
Feb.	1,049	431	618	41
Mar.	1,075	456	619	42
Apr.	1,085	452	633	42
May	1,085	447	638	41
June	1,084	434	650	40
July	1,080	425	655	39
Aug.	1,065	416	649	39
Sept.	1,060	419	641	40
Oct.	1,053	410	643	39
Nov.	1,049	408	641	39
Dec.	1,042	400	642	38
1959				
Jan.	1,048	408	640	39
Feb.	1,043	404	639	39

^{1/} The farmer's share and index numbers of the retail cost, farm value, and farm-retail spread for the years 1913-56 are published in "Farm-Retail Spreads for Food Products," U. S. Dept. of Agr. Misc. Pub. 741, 1957.

^{2/} Retail cost of average quantities of farm foods purchased per urban wage-earner and clerical-worker family in 1952, calculated from retail prices collected by the Bur. of Labor Statistics.

^{3/} Payment to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing.

: Current data are given in the Statistical Summary, :
: a monthly publication of the Agricultural Marketing Service.: :

upward trend in the first half of 1958. The average reached a record level in the third quarter but it declined 1 percent both in the final quarter of 1958 and in the first quarter this year.

The spread for meat products in the first quarter of 1959 was 11 percent over the first quarter of 1958, the largest increase among the product groups. The spread for bakery and cereal products was 4 percent higher and those for fats and oils and miscellaneous products were up slightly. Spreads for the other product groups did not change significantly from their year-ago levels (table 11, p. 41).

Spreads for individual product groups, except poultry and eggs, changed little between the fourth quarter of last year and the quarter just ended. The farm-retail spread for poultry and eggs was 6 percent lower. This was about an average seasonal decline.

Operating costs of firms marketing food products probably were higher in the first quarter of 1959 than a year earlier. Average hourly earnings of employees of food-marketing firms were about 4 percent higher in February 1959 than in the same month last year. This percentage increase was the smallest February-to-February rise since 1954-55. Improvements in productivity probably kept unit labor costs from rising as much as hourly earnings. Labor costs account for about half the costs of performing marketing services. Rail freight rates for many farm food products were increased in 1958 and some increases were made in truck rates. Costs of construction, equipment, and some other items were higher, but prices of some packaging materials, petroleum products, and other goods bought by marketing firms were lower.

Little Change in Retail Cost

The retail cost of the market basket in the first quarter of 1959 was at an annual rate of \$1,043, compared with \$1,056 in the same quarter of 1958. It was about 4 percent below the record high of \$1,085 registered in the second quarter of 1958. ^{3/} The retail cost moved in the same direction as the farm value in 1958 but varied less. About 40 percent of the \$31 decline in the farm value was passed on to consumers. The other 60 percent was absorbed in a wider marketing spread.

Retail prices of poultry and eggs averaged 8 percent less in January-March 1959 than in the same 3 months of 1958 and fruit and vegetable prices fell 4 percent.

The total retail cost of the market basket did not change significantly from the last 3 months of 1958 to the first 3 months of 1959. Retail prices of poultry and eggs decreased 3 percent, fats and oils dropped 2 percent, and dairy products 1 percent, but these decreases were about offset by small increases for other product groups.

^{3/} The retail cost of the market basket of farm foods is less than the retail cost of all foods bought per family. The market basket of farm foods does not include imported foods, fishery products and other foods of nonfarm origin, or costs of meals purchased in public eating places.

Farmer's Share Down 2 Cents From a Year Earlier

Farmers received 39 cents of the dollar consumers spent for farm foods in the first quarter of this year, the same share as in the previous quarter but 2 cents less than a year earlier. ^{4/} In 1958, the monthly farmer's share dropped from 42 cents in March and April to 38 cents in December (table 1).

Over the last 10 years, the quarterly average farmer's share has fluctuated between 39 and 49 cents. It was 47 cents during each quarter of 1949 and 1950, except the second quarter of 1949 when it slipped to 46 cents. The share rose to a peak of 49 cents in the first quarter of 1951 and then gradually declined to 39 cents in the final quarter of 1955. Since 1955 it has varied between 39 and 41 cents.

Retail Cost of Meat Products Group Up Slightly,
Despite Fall in Farm Value

The retail cost of the meat products group was 2 percent higher in the first quarter of this year than in January-March 1958. An 11-percent increase in the farm-retail spread more than offset a 6-percent decrease in farm value.

From the fourth quarter of 1958 to the first quarter of this year, the retail cost did not change significantly, with the farm value dropping 2 percent and the spread increasing 2 percent.

Lower prices for hogs accounted for most of the decrease in the farm value of the meat products group over the last year (table 10, p. 40). Prices farmers received for hogs have declined in most months since mid-1958 as marketings have increased. The net farm value of 1 pound of pork (retail cuts) was 29.6 cents in the first quarter this year compared with 36.1 cents a year earlier. The retail price, however, was down only 3.6 cents, as the spread increased to a record 29.9 cents, up 2.9 cents from a year earlier. The increase was in the wholesale-retail segment of the spread, as the live-wholesale segment decreased slightly (table 3). Retail prices of pork have declined since August 1958 but not as much as wholesale prices.

^{4/} Estimates of the division of the retail cost between farmers and marketing agencies are based on concurrent prices at the farm and retail levels, except for processed fruits and vegetables and sugar. During a period of rising prices, the farmer's share calculated on this basis is somewhat larger than the share derived by comparing prices received by farmers for particular lots of products with prices paid by consumers for the same lots after they have moved through the marketing system. The reverse is true in periods of declining prices.

Farm prices of beef cattle and retail prices of beef have continued to advance. The farm value of 1 pound of Choice grade beef averaged 51.3 cents in the first quarter of this year, 0.8 cent higher than a year earlier. The farm-retail spread increased 3.6 cents (13 percent) and the retail price, at 83.2 cents in January-March, was 4.4 cents higher than a year earlier. Most of the increase in the spread from the first quarter of last year was in the wholesale-retail segment (table 2). Retail prices advanced more than wholesale prices.

Cattle slaughter in recent months has been smaller than a year ago but is expected to increase in the next few months. Farm prices are expected to hold up well. Hog marketings are expected to continue above last year and prices will probably continue significantly lower.

Poultry and Eggs Seasonally Lower

The farm value of eggs declined 9 percent from January-March 1958 to the same period in 1959. All of this reduction was passed on to consumers as the farm-retail spread dropped 4 percent. The retail price was 7 percent lower. Reductions in the farm and retail prices and the marketing margin from the last quarter of 1958 approximated the usual seasonal declines. Egg prices are likely to continue below last year's levels for the next few months because laying flocks are larger.

Although frying chicken prices, both farm and retail, made the usual seasonal increases in the quarter just ended, the farm value of frying chickens was 16 percent less and the retail price 9 percent less than in the first quarter of 1958. Most of this year-to-year change in the farm price of chickens was passed on to the consumer, as the spread was only slightly higher than a year ago. The average retail price in the first quarter of 1959 was the lowest in the 11 years for which records are available; the farm value also was the lowest recorded during this period. Prices of broilers probably will increase seasonally during the second quarter but are likely to continue well below last year's levels. The volume of eggs set and hatchings are now well above last year, indicating marketings of broilers in the next few months will be larger than a year earlier.

Retail Cost, Farm Value, and Spread Lower Than a Year Ago For Fruits and Vegetables

Between the first quarter of 1958 and the like period this year the total farm value of the fruits and vegetables group declined 10 percent. All of this decrease was passed on to consumers as the farm-retail spread was down 1 percent. The farm value in the first quarter of this year was 8 percent higher than in the preceding quarter, but this increase was about offset by a decrease in the farm-retail spread.

The farm value of the fresh fruits and vegetables in the market basket in the first quarter of this year was 22 percent lower than in January-March 1958. Farm prices of most fresh vegetables and oranges sold for fresh use were considerably lower. Potatoes with a drop of 54 percent had the largest reduction. The farm value of onions was up 69 percent, mainly because the new crop in Texas was short. Farm prices of apples and lemons were moderately higher than a year earlier.

Table 2.- Beef (Choice grade): Live-wholesale and wholesale-retail spreads, by quarters, 1958-59 ^{1/}

Quarter	Live-wholesale (per 100 pounds live weight)				Wholesale-retail (per 100 pounds carcass weight)			
	Price of steers <u>2/</u>	Wholesale value			Spread	Wholesale price <u>4/</u>	Retail value <u>5/</u>	Spread
		Carcass <u>3/</u>	Byproducts	Total				
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
<u>1958</u>								
Jan.-Mar. ...	27.09	27.36	2.17	29.53	2.44	46.37	63.04	16.67
Apr.-June ...	28.46	27.98	2.40	30.38	1.92	47.43	66.24	18.81
July-Sept. ...	26.39	26.64	2.35	28.99	2.60	45.16	65.04	19.88
Oct.-Dec. ...	26.81	26.67	2.34	29.01	2.20	45.20	6/64.80	6/19.60
Average ..	27.19	27.16	2.32	29.48	2.29	46.04	6/64.78	6/18.74
<u>1959</u>								
Jan.-Mar. ...	27.96	28.04	2.41	30.45	2.49	47.53	7/66.56	7/19.03

^{1/} Quarterly data for 1949-55 are published in "Beef Marketing Margins and Costs," U. S. Dept. Agr. Misc. Pub. 710, Feb. 1956, tables 1 and 3.

^{2/} Weighted average of prices at 21 leading public stockyards in 1958, 20 in 1959.

^{3/} Wholesale carcass value is 59 percent of average wholesale price of 100 pounds of Choice grade carcass beef.

^{4/} Weighted average of prices of Choice grade carcass beef in New York, Chicago, Los Angeles, San Francisco, and Seattle.

^{5/} Calculated from average retail prices of beef cuts in urban areas, published by Bur. of Labor Statistics. The retail value per 100 pounds carcass weight is 80 percent of average retail cost of 100 pounds of retail cuts, because about 20 pounds of a 100-pound carcass is fat, bone, and trim which is sold by retailers at nominal prices.

^{6/} Revised.

^{7/} Preliminary

Table 3.- Pork: Live-wholesale and wholesale-retail spreads, by quarters, 1958-59 ^{1/}

Quarter	Live-wholesale (per 100 pounds live weight)			Wholesale-retail (per 100 pounds major cuts)		
	Price of hogs ^{2/}	Wholesale value ^{3/}	Spread	Wholesale value ^{4/}	Retail price ^{5/}	Spread
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
<u>1958</u>						
Jan.-Mar.	20.59	26.19	5.60	48.66	62.85	14.19
Apr.-June	22.65	28.11	5.46	51.90	66.04	14.14
July-Sept.	21.85	27.74	5.89	51.23	67.24	15.96
Oct.-Dec.	18.97	24.74	5.77	45.47	6/61.99	6/16.52
Average	21.02	26.70	5.68	49.33	6/64.53	6/15.20
<u>1959</u>						
Jan.-Mar.	16.66	22.17	5.51	41.61	7/59.28	7/17.67

^{1/} Quarterly data for 1949-55 are published in "Pork Marketing Margins and Costs," U. S. Dept. Agr. Misc. Pub. 711, Apr. 1956, tables 1 and 2.

^{2/} Average price of 200-220 pound barrows and gilts, Chicago.

^{3/} Wholesale value at Chicago of 71 pounds of pork and lard obtained from 100 pounds of live hog.

^{4/} Wholesale price of 100 pounds of major pork cuts at Chicago computed from Livestock Market News and National Provisioner price quotations of individual cuts.

^{5/} Calculated from average retail prices of major pork cuts in urban areas, published by Bur. of Labor Statistics.

^{6/} Revised.

^{7/} Preliminary.

The decrease in the farm value of the fresh products was partially offset by a 32-percent increase for the processed products. Frozen orange juice concentrate accounted for much of this increase. Much of the orange concentrate sold to consumers during the first quarter of this year was processed from oranges from the 1957-58 crop. The freeze in Florida in December 1957 boosted prices for the 1957-58 crop considerably above those for the 1956-57 crop. The farm value of orange juice concentrate in the first quarter last year was based in part on prices for the 1956-57 crop.

The farm value of the fresh fruits and vegetables in the market basket rose less than the usual seasonal increase from the October-December quarter to the first quarter of this year.

CONSUMER INCOMES AND EXPENDITURES

Per capita disposable income averaged \$1,825 (annual rate) in the first quarter of 1959, about 3 percent higher than the first quarter average in 1958 (table 4). The average for the year 1958 was \$1,790, about the same as in 1957. However, real disposable income per person last year declined about 2 percent.

In the first quarter of 1959 per capita disposable income (seasonally adjusted) was about 1 percent higher than in the fourth quarter of 1958. This compares with a small decrease from the last quarter of 1957 to the first quarter of 1958, when the recession was near its lowest point. The highest per capita income before the 1957-58 recession was \$1,799, reached in the third quarter of 1957.

Consumer expenditures per person totaled \$1,669 in 1958, slightly higher than in 1957. A slight increase in expenditures for nondurable goods and a 3-percent rise in expenditures on services overcame a 9-percent decline in expenditures for durables, the largest year-to-year decline since World War II. Forty-five percent of disposable income was spent on nondurable items in 1958, 12 percent on durables, and 36 percent on services. The other 7 percent went into savings. These percentages were about the same as in 1957.

Consumers spent \$397 per person on food in 1958, an increase of 2 percent from 1957. However, this increase was less than the 4-percent rise in food prices. The smaller increase in expenditures may have resulted from consumers eating fewer meals away from home in the first half of last year when disposable income was down and from selecting less expensive food. Consumers spent 22.2 percent of their disposable income for food in 1958, a slightly higher percentage than in 1957. The same quantity and types of food as those purchased in 1935-39 would have cost the consumer \$287, or only 16 percent of his disposable income in 1958.

Expenditures for clothing and shoes as a percentage of disposable income were slightly lower in 1958 than in 1957. From 1947 to 1958, this percentage gradually decreased from 11.1 percent to 7.8 percent. Per capita expenditures for clothing and shoes rose 8 percent during the same period but per capita income rose at a faster rate.

Table 4.- Per capita food cost and expenditure related to disposable personal income, United States, average 1935-39 and 1947-49, annual 1950-58 ^{1/}

Year and quarter	Dispos- able personal income ^{2/}	Total expendi- ture for consumer goods and services ^{2/}	Food expenditure			Cost to consumer of	
			Actual ^{2/}	Percentage of -		Actual	Percentage
				Dispos- able income	Total expendi- ture for goods and services		
	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Percent
1935-39 av.:	514	493	118.6	23.1	24.0	118.6	23.1
1947-49 av.:	1,247	1,193	319	25.6	26.7	248	19.9
1950	1,369	1,286	313	22.9	24.3	245	17.9
1951	1,474	1,359	346	23.5	25.5	274	18.6
1952	1,521	1,400	356	23.4	25.4	279	18.3
1953	1,582	1,457	355	22.4	24.4	271	17.1
1954	1,582	1,466	355	22.4	24.2	270	17.1
1955	1,660	1,554	358	21.6	23.0	265	16.0
1956	1,727	1,602	370	21.4	23.1	267	15.5
1957	1,782	1,661	388	21.8	23.4	276	15.5
1958	1,790	1,669	397	22.2	23.8	287	16.0
Annual rates, seasonally adjusted							
<u>1958</u>							
1st quarter:	1,768	1,653	4/395	22.3	23.9	286	16.2
2nd quarter:	1,779	1,660	4/400	22.5	24.1	291	16.4
3rd quarter:	1,806	1,670	4/397	22.0	23.8	288	15.9
4th quarter:	1,801	1,688	4/396	22.0	23.5	285	15.8
<u>1959</u>							
1st quarter:	5/1,825	1,706	---	---	---	---	---

^{1/} See Aug. 1954 issue of this Situation (MTS-114) for 1929-45 data and for 1946-49 data see the Nov. 1958 issue (MTS-131).

^{2/} Computed from data of the Dept. of Commerce.

^{3/} Cost to consumers of quantities of food representing average annual consumption per person during 1935-39; calculated by applying to the actual 1935-39 expenditure for food (\$118.60) a consumer food price index which is a weighted average of indexes representing (a) retail food prices in urban areas (Bur. Labor Statistics), (b) retail food prices in rural areas (Agr. Mktg. Serv.), and (c) prices received by producers applied to foods consumed on farms where produced. Data for 1952 and later years are revisions of previously published estimates.

^{4/} Quarterly data are estimates by the Agr. Mktg. Serv. from expenditures for food and alcoholic beverages reported by the Dept. of Commerce. Alcoholic beverages are not included in food expenditures.

^{5/} Preliminary; estimates by Council of Economic Advisers.

Demand for most goods and services is expected to be strong during the rest of 1959. Sales of retail food stores during the first quarter of this year totaled about 3 percent more than a year earlier. However, the percentage of income spent on food may decrease slightly because of lower prices of some food products. But, if consumers decide to buy more of the expensive foods and if they purchase more meals in eating places, this percentage may increase despite lower retail food prices. The percentage of income spent on clothing items may continue to decrease.

NET INCOME OF FIRMS MARKETING FARM PRODUCTS, 1957 AND 1958

Total net income after taxes of leading firms in most industries processing and distributing farm products increased from 1957 to 1958 (table 5), according to data compiled by the First National City Bank of New York from financial reports published so far this year. Meatpackers and miscellaneous food processing firms had about 6 percent higher profits and profits of dairy products processors were up nearly 5 percent. Sugar refining companies' profits dropped nearly 30 percent in 1958 after a 39-percent increase in 1957. Baking companies' profits also declined slightly last year. Profits of chain food stores were up nearly 6 percent.

Brewing and distilling companies showed increases in total profits after taxes in 1958. Tobacco companies' profits rose 20 percent. Profits of textile and clothing manufacturers continued to decline. Total net income after taxes of department and specialty stores declined nearly 6 percent from 1957 to 1958.

Almost every industry engaged in processing of farm products had smaller returns on net assets in 1958 than in 1957. Meatpackers, breweries, and tobacco companies were notable exceptions. Chain food stores and department stores also had smaller ratios of net income to net assets. The ratio of net income to sales decreased for baking, sugar refining, textile and clothing industries, and department stores, but the ratio remained the same or increased for the other processors and distributors of farm products.

Table 5.- Net income of leading corporations marketing agricultural products, 1957 and 1958

Industrial groups	Number of corpo- rations	Reported net income after taxes					
		Total		As percentage of net assets ^{1/}		As percentage of sales	
		1957	1958	1957	1958	1957	1958
		1,000 dollars	1,000 dollars	Percent	Percent	Percent	Percent
Processing:							
Food -							
Baking	20	65,677	63,759	12.5	11.5	3.4	3.2
Dairy products ..	14	102,497	107,138	11.9	11.8	2.5	2.6
Meatpacking	13	37,334	39,714	4.2	4.4	.5	.5
Sugar	21	54,800	39,010	9.0	6.1	4.9	3.5
Other food products	83	352,371	372,500	11.5	11.4	3.9	4.2
Total	151	612,679	622,121	---	---	---	---
Other -							
Brewing	20	25,170	27,233	7.4	7.8	2.5	3.0
Distilling	11	89,555	90,165	7.2	7.0	3.6	3.6
Tobacco products:	16	191,057	229,770	12.7	14.6	5.2	5.7
Textile products:	72	149,498	126,706	5.1	4.3	3.1	2.7
Clothing and apparel	46	27,723	25,878	6.7	6.0	2.9	2.7
Distributing:							
Chain food stores :	35	152,022	160,875	15.9	15.2	1.4	1.4
Department and specialty stores :	60	201,930	190,317	10.0	9.1	2.8	2.5

^{1/} Book net assets at the beginning of the year are based on the excess of total balance-sheet assets over liabilities.

Compiled from "Monthly Letter, Business and Economic Conditions," The First National City Bank of New York, Apr. 1959.

MARKETING CHANNELS AND DIVISION OF CONSUMER'S DOLLAR
FOR COTTON AND WOOL 1/

Cotton and Cotton Products

Taking cotton from farms and delivering it in the form of finished clothing and household textiles to ultimate consumers requires the services of many types of middlemen. These services begin when seed cotton is hauled from farms to gins.

Marketing Channels and Charges

Services performed at the gins include conditioning and cleaning seed cotton, separating the lint from the seed, and bagging and wrapping the lint into bales of approximately 500 pounds. Charges for ginning and related services have increased markedly in recent years. In 1957 they averaged \$14.51 per bale, or about 10 percent of the price received by the farm producer for the lint cotton.

Cotton usually moves from gins to warehouses where it is assembled and stored. These warehouses may be operated in connection with compresses. Many of the bales, particularly in central and western areas of the Cotton Belt, are compressed to smaller volume to facilitate storage and transportation. From warehouses and compresses cotton usually moves to mills by railroad or motortruck, or by some combination of truck, rail, and water transportation. Taking cotton from gins and delivering it to mills involves marketing services such as assembling, compressing, insuring, transporting, financing, and risk bearing. Charges for these services have increased in recent years. In 1957, they averaged about 4.15 cents a pound, or about 12 percent of the cost of the cotton to mills.

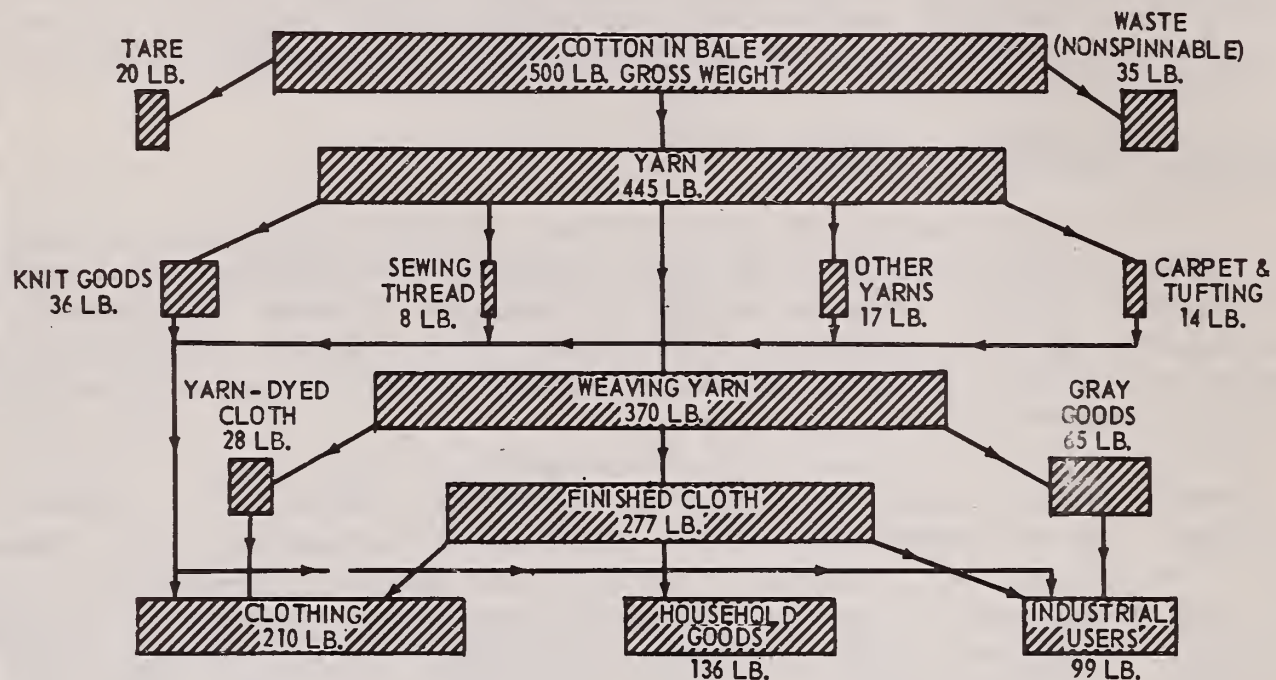
At mills the bales are opened and the cotton is cleaned, carded, combed (for fine yarns), and spun into yarn. On the average, about 4 percent of the gross weight of the bale usually is discarded as tare, mainly bagging and ties. About 7 percent usually is removed as nonspinnable waste and most of the remaining 89 percent is made into yarn (fig. 1). The gross manufacturing margins of cotton yarn mills decreased from about 46 percent of the wholesale value of the products in 1939 to 31 percent in 1954, according to census reports.

In 1954, about 83 percent of the cotton yarn was woven into cloth, 8 percent was used by the knit goods industry, and small proportions were used in thread and in carpet and other yarns. At weaving mills, the yarn is prepared for weaving, woven into fabrics, and the fabrics prepared for shipment to finishing plants. Gross margins of manufacturers of cotton broadwoven fabrics as proportions of the wholesale value of the products decreased from about 54 percent in 1939 to 44 percent in 1954.

1/ Prepared by L. D. Howell, Agricultural Economist, Mktg. Res. Div., Agr. Mktg. Serv.

Consumed in U. S.

APPROXIMATE DISTRIBUTION OF A TYPICAL BALE OF COTTON, 1954



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Figure 1

Census reports indicate that in 1954 about 17 percent of the woven cloth was used in the gray or unfinished form, about 8 percent was colored yarn fabrics, and 75 percent was finished from the gray. Finishing gray goods includes bleaching, dyeing, and printing. In 1957, about 44 percent of the total linear yardage was bleached and white finished, 32 percent was plain dyed and finished, and 24 percent was printed and finished. Styling and finishing of a large part of the cotton cloth is controlled by converters but substantial proportions are controlled by mills, with or without the collaboration of the manufacturing user.

Much of the finished cloth usually goes to cutters who make it into wearing apparel and household textiles. Estimates of cotton consumption by end uses show that the proportion used in apparel increased from 36 percent in 1947 to 50 percent in 1957. The proportion for household uses increased slightly but industrial uses decreased from 36 percent in 1947 to 21 percent in 1957. Gross margins of manufacturers of apparel and household textiles increased from an average of about 50 percent of the value of the products in 1939 to 55 percent in 1954, according to census reports.

Clothing and household textiles usually go directly or indirectly through wholesalers to retailers who distribute them to consumers. Wholesalers handling these products include merchant wholesalers, manufacturers' sales branches and sales offices, and merchandise agents and brokers. Gross margins of wholesale dry goods houses increased from about 15 percent of net sales in 1949 to about 17 percent in 1957. Similar margins of retailers of apparel and household textiles in recent years averaged about 33 percent of the price to consumers.

Division of Consumer's Dollar

Charges for the many services performed in transforming raw cotton into finished cotton goods and making them available to the consumer amount to a large share of the consumer's dollar paid for the finished cotton products. In the 1935-58 period marketing margins accounted for an average of 85 percent of the consumer's dollar paid for a group of 25 cotton articles of clothing and household furnishings. Receipts by farmers for the cotton used averaged 15 percent. (See cover chart.) Proportions of the consumer's dollar represented by the farm value usually varied irregularly with the price of cotton. ^{2/} They ranged from about 9 percent in 1938, when prices farmers received for cotton averaged less than 9 cents a pound, to 18 percent in 1951, when farm prices of cotton averaged about 38 cents a pound. The proportion was 15 percent in 1958 when farm prices averaged about 33 cents a pound.

Proportions of the consumer's dollar accounted for by the farm value of the cotton differ by products. During 1952-57 these proportions averaged about 34 percent for sheets, 16 percent for work shirts, and 8 percent for business shirts.

Estimates of the average distribution of the consumer's dollar paid for cotton apparel and household goods on the basis of the type of service rendered have been made for recent years. Data available for these estimates are not complete and in some instances they are not strictly comparable. Consequently, margins can only be approximated. Furthermore, the estimated margins were adjusted to approximate the farm-retail price spreads for cotton clothing, household textiles, and yard goods, which are calculated periodically by the Agricultural Marketing Service. These estimates indicate that charges for marketing services in terms of dollars increased markedly during the 1940's but flattened out in the 1950's.

Proportions accounted for by margins for ginning, baling, and merchandising raw cotton and for wholesale and retail distribution decreased from 1939 to 1947, then increased to 1957 (fig. 2). Proportions accounted for by margins for spinning yarn, weaving cloth, and dyeing and finishing fabrics decreased from 1939 to 1954, and then increased; those for manufacturing apparel and household textiles increased from 1939 to 1957.

^{2/} The farm value is the payment farmers received for the quantity of lint cotton used in the fabricated cotton products.

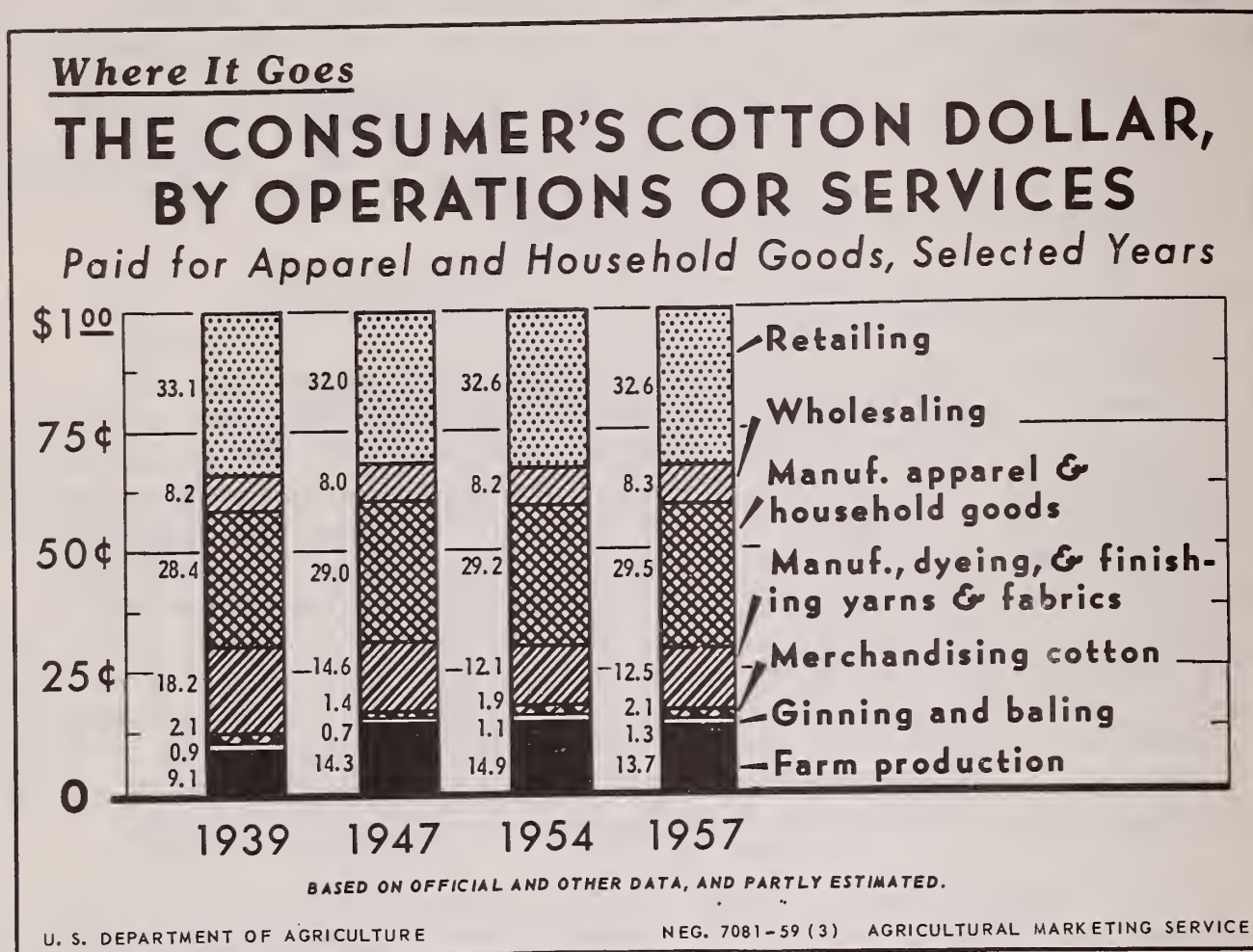


Figure 2

Estimates also were made of the proportions of the farm-retail spread accounted for by the major cost items. The approximate proportions accounted for by wages and salaries decreased from about 48 percent in 1939 to 44 percent in 1947, and then increased to about 50 percent in 1957 (fig. 3). Profits increased from about 5 percent of the spread in 1939 to 14 percent in 1947, and then decreased to less than 6 percent in 1957. Wages and salaries of employees engaged in marketing, manufacturing, and distributing cotton and cotton products in 1957 averaged almost 4 times as much, and profits to marketing agencies averaged more than one-third as much, as returns to growers for farm production of the cotton.

Margins for ginning and baling, combined with those for all the services involved in taking cotton from gins and delivering it to mills amounted, on the average, in 1957, to about 8 percent of the combined margins for manufacturing and finishing the cloth and for fabricating it into wearing apparel and household goods or about 8 percent of the combined margin for wholesaling and retailing these products. Thus, a reduction of only 4 percent in the margins for manufacturing or for distributing textile products would have reduced the marketing spread about as much as a 50 percent reduction in the margins for ginning, baling, and marketing the raw cotton.

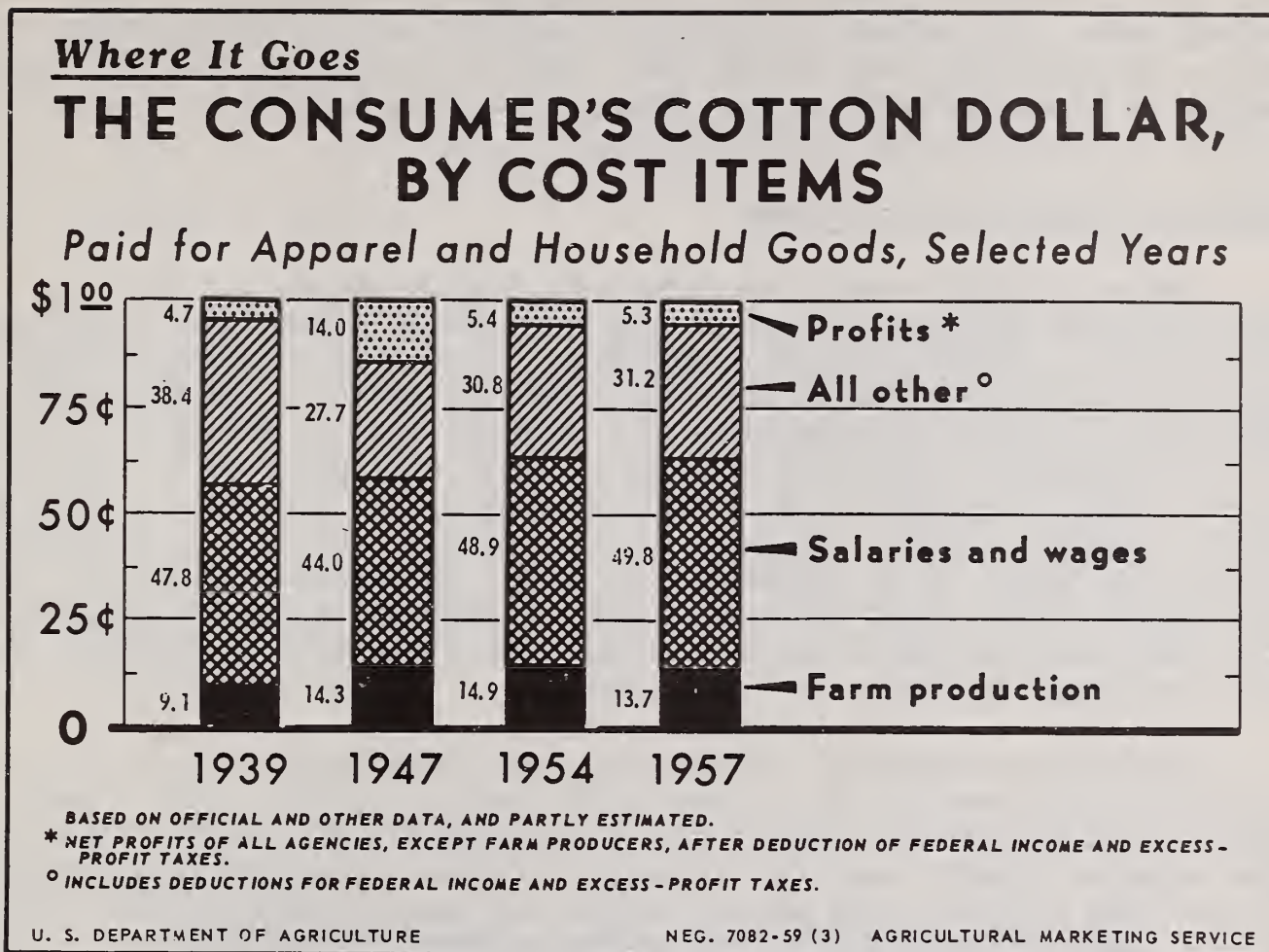


Figure 3

These differences in size of margins are important, but they may not reflect accurately the relative opportunities of making savings in marketing costs that can be passed back to cotton growers or on to consumers of the finished products. A determination of the extent to which it would be feasible to reduce these margins would require detailed studies of each important segment of the marketing procedure to evaluate the influence of the factors affecting efficiency and costs, and to discover the most feasible means of increasing efficiency and of reducing costs for the various agencies.

Wool and Wool Products

Wool utilized in the United States consists of two rather distinct kinds, known as apparel and carpet wools. Apparel wool includes the finer fibers used mainly in the manufacture of apparel yarns and fabrics. Carpet wool consists of the coarser fibers used mainly in the manufacture of carpets and rugs. In 1958 apparel wool accounted for about 65 percent and carpet wool for about 35 percent of all wool consumed in the United States. All of the carpet wool and substantial quantities of the apparel

wool were imported. Shorn wool, obtained from shearing live sheep, comprised about seven-eighths of the wool produced in the United States in 1957. The remainder was pulled wool, obtained by pulling the wool from the skins of slaughtered sheep. Production of both kinds is widely distributed throughout the United States.

Marketing Channels and Charges

Taking domestic wool from farms and ranches and delivering it to manufacturers involves such marketing services as assembling, preparing, transporting, storing, and merchandising. Marketers involved in these operations include brokers, commission agents, dealers, and topmakers. Marketing practices vary considerably from one area to another. In the 11 western States, where the volumes of shorn wool per farm or ranch run large, much of the wool is sold at the ranch by the producer to agents of central market dealers. In Texas a large part of the wool is shipped to warehouses, where it is assembled for sale. In fleece-wool States (the States other than Texas and the 11 western States), where clips usually are small, most of the wool is sold to country dealers who assemble it for sale to larger merchants or for storage.

Producers of domestic pulled wool sort their products into lots of uniform quality and put it in bags which range in weight, when filled, from 140 to 800 pounds. Much of it is sold directly to mills. Most of the imported apparel wools go to central markets, where they are handled by the same merchants and manufacturers who handle domestic wool. Imported carpet wools also go directly to central markets, where they are handled by merchants and manufacturers, most of whom are located in Philadelphia.

Charges for taking domestic wool from farms and ranches and delivering it to mills vary with the assembling, handling, preparation, and other services involved, and with the distance shipped. In 1956 and 1957 charges for country services of accumulating and assembling small lots of less than 2,000 pounds, grease basis, apparently averaged about 1.5 cents a pound. Handling charges averaged about 4.75 cents a pound for lots of less than 2,000 pounds, 3.5 cents for lots of 2,000 to 5,000 pounds, and 2.25 cents for lots in excess of 5,000 pounds. Charges for grading averaged about 2.25 cents a pound for lots of less than 2,000 pounds and 1.5 cents for lots of 2,000 pounds or larger. Charges for freight and trucking averaged about 4 cents a pound for original-bag wool, or about two-thirds more than 10 years earlier.

The apparel wool manufacturing industry consists of two major divisions, the worsted and the woolen. The worsted division accounted for 50 percent of the virgin wool consumed in the United States in 1958 compared with about 66 percent in 1948. Wool used in worsteds is sorted, blended, scoured, combed, made into top, ^{3/} and spun into yarn. That used in woolens is not made into top but after scouring it is carded and spun into yarn.

^{3/} A top is a loose, rope-like strand of wool made up largely of the longer fibers obtained from the combing process.

Most of the woolen and worsted yarns are woven into fabrics, but a good deal goes into the knit goods industry. In 1954, for example, about 84 percent of the yarns produced by woolen and worsted manufacturers were weaving yarns and about 16 percent were knit yarns, according to census reports (fig. 4). About 88 percent of the weaving yarn was used in making apparel fabrics, about 7 percent was used in blankets, and 5 percent in other nonapparel fabrics.

Most of the worsted and woolen yarns and fabrics are dyed and finished by manufacturers. Scoured wool usually is not dyed except in blends made by woolen manufacturers. The more common method of coloring worsted is by dyeing the top, though large quantities of worsted goods are dyed by applying dye to the woven fabrics. In finishing, the fabric in a moistened condition is subjected to heat, friction, and pressure in order to shrink, thicken, and interlock the fibers. The fabrics are then napped and sheared. Gross margins of woolen and worsted manufacturers, as proportions of the wholesale value of the products, increased from about 41 percent in 1939 to 47 percent in 1947, then decreased to about 40 percent in 1954, according to census reports.

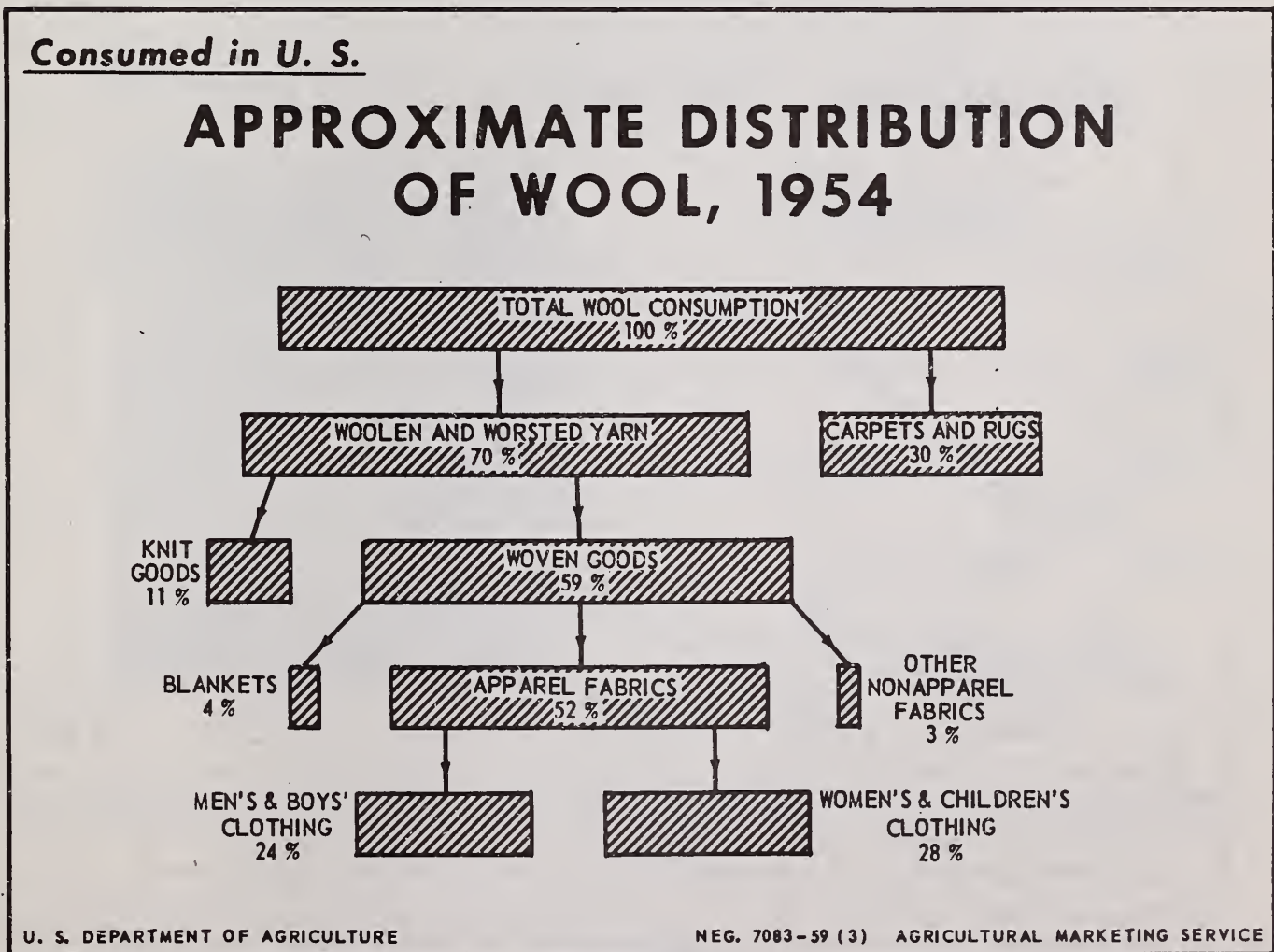


Figure 4

Apparel fabrics are used chiefly for men's and women's outerwear. Census reports for 1954, for example, show that about 46 percent of these fabrics was used in the manufacture of men's and boys' clothing and about 54 percent in women's and children's clothing. Gross margins for manufacturers of apparel and other fabricated products increased from about 50 percent of the wholesale value of the products in 1939 to 55 percent in 1954.

Division of the Consumer's Dollar

The value added to wool by processing, manufacturing, and the other marketing services rendered is so great that returns to growers for the raw wool amount to only relatively small proportions of the prices paid by consumers for the finished products. The farm value of the raw wool used in the manufacture of 20 representative wool products during the 24 years from 1935 to 1957 averaged about 14 percent of the total retail value of these products (fig. 5). The proportions by years ranged from 10 percent in 1938, when prices per pound received by farmers for shorn wool averaged 19 cents, to 25 percent in 1951, when farm prices averaged 97 cents, and about 14 percent in 1957, when farm prices averaged 54 cents.

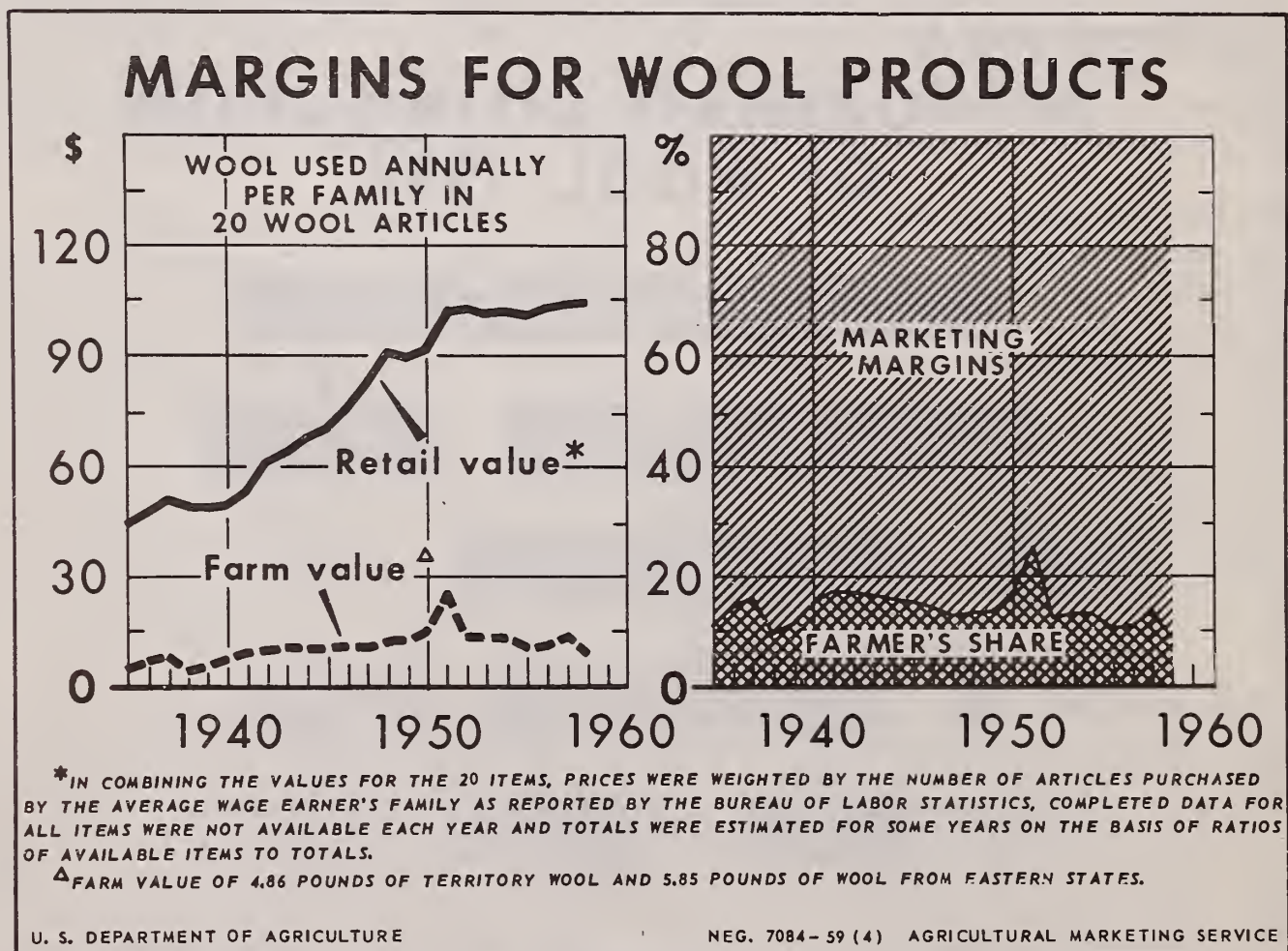


Figure 5

Marketing margins for wool, or the spread between the farm value of the raw fibers and prices paid by consumers for the finished products, amounted on the average to about 86 percent of the consumer's dollar during the 24 years from 1935 to 1958. The proportions by years ranged from about 75 percent in 1951 to about 91 percent in 1958. The relative size of these margins emphasizes the importance of a breakdown to show the amounts contributed by the various items included.

Rough approximations of the average distribution of the consumer's dollar paid for clothing and household goods made of wool have been made for 1939, 1947, 1954, and 1957. These approximations are based on official data and on other information, which are not complete, and in some instances are not strictly comparable. Furthermore, the estimated margins were adjusted to approximate the farm-retail price spreads for 20 items of woolen and worsted clothing and household goods.

These approximations show that the portions of the consumer's dollar that went to growers for farm production of wool increased from an average of 11.8 percent in 1939 to 13.5 percent in 1957. Margins for marketing raw wool decreased from 2.7 percent of the consumer's dollar in 1939 to 2.5 percent in 1957. Margins for the manufacture of yarns and fabrics, including dyeing and finishing, decreased from about 16 percent in 1939 to 14 percent in 1957; those for fabricating apparel and household goods made of wool increased from about 28 percent in 1939 to 29 percent in 1957. Proportions for wholesale and retail distribution of these products averaged about 41 percent of the consumer's dollar in both 1939 and in 1957 (fig. 6).

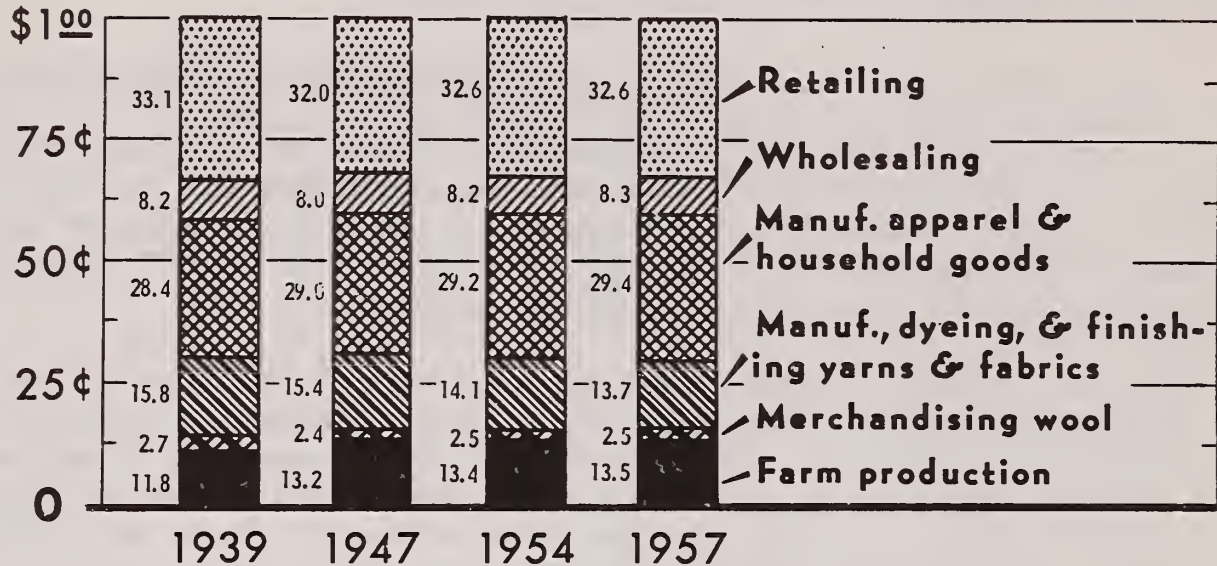
Information relating to specific items of cost also is incomplete and in many instances the data are not comparable for the different agencies. Rough approximations, based on such data as are available, indicate that salaries and wages account for more than half of the spread between retail prices of finished clothing and household goods made of wool and returns to growers for the wool used, and that in recent years this proportion has increased (fig. 7). Combined profits of all agencies, except farm producers, increased from about 5 percent of the consumer's dollar paid for apparel and household goods made of wool in 1939 to about 15 percent in 1947, and then decreased to about 5 percent in 1957.

These data, which show the division of the consumer's dollar, indicate the relative importance from the viewpoint of costs of the different agencies and services involved. In 1957 margins for performing all the services involved in taking wool from farms and ranches and delivering it to mills, not including scouring, averaged about 6 percent of the combined cost of manufacturing wool products or about 6 percent of the costs of wholesale and retail distribution of these products. A reduction of 7 percent in margins of manufacturers or of distributors of wool products would have more influence in reducing the spread between retail prices to consumers for the finished products and prices to growers for the raw wool used than would the complete elimination of all margins for marketing raw wool.

Where It Goes

THE CONSUMER'S WOOL DOLLAR, BY OPERATIONS OR SERVICES

Paid for Apparel and Household Goods, Selected Years



BASED ON OFFICIAL AND OTHER DATA, AND PARTLY ESTIMATED.

U. S. DEPARTMENT OF AGRICULTURE

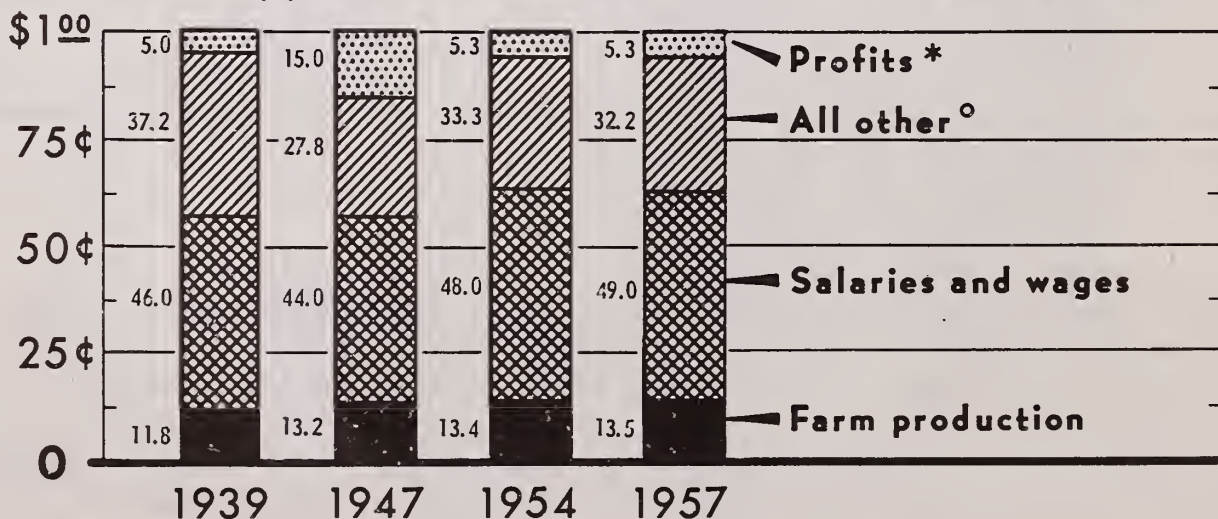
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Figure 6

Where It Goes

THE CONSUMER'S WOOL DOLLAR, BY COST ITEMS

Paid for Apparel and Household Goods, Selected Years



BASED ON OFFICIAL AND OTHER DATA, AND PARTLY ESTIMATED.

* NET PROFITS OF ALL AGENCIES, EXCEPT FARM PRODUCERS, AFTER DEDUCTION OF FEDERAL INCOME AND EXCESS-PROFIT TAXES.

° INCLUDES DEDUCTIONS FOR FEDERAL INCOME AND EXCESS-PROFIT TAXES.

U. S. DEPARTMENT OF AGRICULTURE

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Figure 7

These differences in size of margins are important but they may not reflect accurately the relative opportunities for making reductions in marketing margins that could be passed back to farm producers of wool or on to consumers of finished wool products. As indicated earlier in the case of cotton, a determination of the extent to which it would be feasible to reduce these margins would require detailed research relating to each important segment of the marketing procedure. This research would need to be designed to evaluate the influences of the factors that affect efficiency and costs and to discover the most feasible means of improvement.

MARKETING SPREADS FOR TURKEYS IN SELECTED CITIES 1/

Farm-retail price spreads for turkeys in five major United States cities -- Boston, Chicago, Los Angeles, New York, and St. Louis -- averaged 21.8 cents a pound on medium-size birds and 21.6 cents on large turkeys in October-December 1958 (table 6). 2/ These spreads exceeded comparable spreads in 1957 by 3.5 cents a pound on medium and 0.8 cent on large turkeys. 3/ However, the 1958 spreads on both sizes were 0.2 cent a pound less than those in the fourth quarter of 1956. 4/ Changes in retail store spreads, which are largely the result of retailers' pricing policies, accounted for most of the change in the total spread.

Medium-size turkeys receive most of the attention in this study because they are the most popular buy for homemakers. 5/ Small-size turkeys are omitted from this report because of insufficient data.

Elements of the Spread

The retail store spread averaged 10.3 cents a pound for medium turkeys in October-December 1958, 3.5 cents above a year earlier. The low average for October-December 1957 resulted largely from the sharp break from 10.4 cents in October to 1.8 cents a pound in December. Changes from October-December 1957 to the same period of 1958 in the receiver-retailer spread (a wholesale margin) and in the farm-receiver spread (largely a processing and transportation margin) were offsetting.

1/ Prepared by Leo R. Gray, Agricultural Economist, Mktg. Res. Div., Agr. Mktg. Serv.

2/ The farm-retail price spread is the difference between the midmonth retail price per pound and the farm value or payment the farmers receive for the equivalent quantity of live turkey. Midmonth retail prices are collected by the Bur. of Labor Statistics for the 7-day period ending on Wednesday of the week including the 15th of the month. Prices at the farm, city receiver, and price-to-retailer levels are for the Wednesday of the week including the 8th of the month to allow for some lag in marketing. Retail prices of turkeys during the few days just before Thanksgiving and Christmas generally have been lower than the BLS midmonth retail prices (p. 31).

3/ Turkey size ranges used in this report are: Large -- more than 16 lbs.; medium -- 8 to 16 lbs.; and small -- less than 8 lbs.

4/ For a more detailed presentation of the 1956 and 1957 spreads by cities, see Gray, Leo R., and Pritchard, Norris T., "Farm-Retail Spreads for Poultry and Eggs in the United States and Selected Cities," The Marketing and Transportation Situation, Jan. 1958, p. 27.

5/ Weidenhamer, Margaret, Consumer Preferences, Usages, and Buying Practices for Poultry and Poultry Products. U. S. Dept. Agr., Mktg. Res. Rpt. 252, June 1958, p. 31.

Table 6.- Turkeys, medium and large: 1/ Price spreads and prices per pound, ready-to-cook basis, at various market levels, selected cities, averages October-December 1956-58

Size of turkey, year, and city	Price spreads				Prices			
	Farm- retail		Retail- store		Retail	To retailers:		To city receivers:
	Cents	Cents	Cents	Cents		Cents	Cents	Farm value
Medium turkeys:								
5-city average 4/								
1958	21.8	10.3	3.5	8.0	52.6	42.3	38.8	30.8
1957	18.3	6.8	3.3	8.2	49.7	42.9	39.6	31.4
1956	22.0	10.1	2.7	9.2	55.8	45.7	43.0	33.8
Individual cities,								
1958								
Boston	22.1	11.3	1.5	9.3	53.1	41.8	40.3	31.0
Chicago	18.2	7.0	5.2	6.0	49.5	42.5	37.3	31.3
Los Angeles	21.8	10.4	3.0	8.4	51.7	41.3	38.3	29.9
New York	22.5	10.3	3.7	8.5	53.5	43.2	39.5	31.0
St. Louis	24.5	12.4	3.9	8.2	55.1	42.7	38.8	30.6
Atlanta	21.4	7.9	4.0	9.5	52.6	44.7	40.7	31.2
Baltimore	24.8	11.8	3.0	10.0	56.0	44.2	41.2	31.2
Cleveland	23.7	11.7	---	---	55.0	5/43.3	---	31.3
San Francisco	24.7	12.5	3.3	8.9	54.6	42.1	38.8	29.9
Washington, D. C.	24.9	13.6	2.5	8.8	56.1	43.0	40.5	31.7
Large turkeys:								
5-city average 4/								
1958	21.6	9.1	2.6	9.9	47.3	38.2	35.6	25.7
1957	20.8	7.2	2.9	10.7	45.3	38.1	35.2	24.5
1956	21.8	8.5	2.3	11.0	52.9	44.4	42.1	31.1

Continued -

Table 6.- Turkeys, medium and large: 1/ Price spreads and prices per pound, ready-to-cook basis, at various market levels, selected cities, averages October-December 1956-58 --Continued

Size of turkey, year, and city	Price spreads				Prices			
	Farm- retail :	Retail- store :	Receiver- retailer :	Farm- receiver :	Retail :	To retailers :	To city receivers :	Farm value 3/
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Individual cities, 1958								
Boston	23.1	11.1	0.5	11.5	49.1	5/38.0	37.5	26.0
Chicago	19.3	8.6	1.3	9.4	45.6	37.0	35.7	26.3
Los Angeles	20.3	7.3	4.2	8.8	45.1	37.8	33.6	24.8
New York	22.2	8.9	2.1	11.2	48.0	39.1	37.0	25.8
St. Louis	23.0	9.3	4.9	8.8	48.5	39.2	34.3	25.5
Atlanta	20.9	5.0	4.1	11.8	46.9	41.9	37.8	26.0
Baltimore	23.3	9.4	2.8	11.1	49.4	40.0	37.2	26.1
Cleveland	25.9	---	---	---	52.2	---	---	26.3
San Francisco	23.9	7.5	4.7	11.7	48.7	41.2	36.5	24.8
Washington, D. C. . .	21.2	8.3	3.3	9.6	47.6	39.3	36.0	26.4

1/ Turkey size weight ranges are: Medium -- 8 to 16 pounds, and large -- more than 16 pounds.

2/ City receiver prices for Chicago, Los Angeles, and New York represent wholesale selling prices but for the other 7 cities represent f. o. b. delivered city prices.

3/ Farm value is the payment received by producers for the quantity of live turkey equivalent to 1 pound of ready-to-cook turkey. These values were computed from prices reported in major commercial turkey producing areas such as San Joaquin Valley, Shenandoah Valley, and Iowa.

4/ 5-city average includes Boston, Chicago, Los Angeles, New York, and St. Louis.

5/ Estimated from data for less than 3 months.

Compiled from retail prices collected by the Bur. of Labor Statistics and from prices to retailers, city receiver prices, and prices received by farmers collected by Federal and State market news services.

Both retail store and receiver-retailer spreads averaged higher on medium than on large turkeys in 1958 (table 6). ^{6/} The wider retail spreads on medium turkeys may be the result of less frequent use of this class of turkeys as low margin special sales attractions in retail stores. The preference of homemakers for medium turkeys over large birds lessens the need for sharp reductions in prices to attract purchasers. The higher farm-receiver spread on large turkeys may be due to the practice of holding the larger birds in storage for longer periods to permit year-round distribution to restaurants and institutional outlets and for speculative purposes. Most producers raise only one crop of large turkeys each year and the heaviest slaughter of the big birds occurs in the fourth quarter.

A more detailed analysis of the 1958 farm-receiver spread for large turkeys in Chicago shows:

	<u>Cents a pound</u>
Spread:	
Farm-shipping point	7.3
Shipping point-receiver	<u>2.1</u>
Total farm-receiver	9.4

The farm-shipping point spread consisted largely of the processor spread. The shipping point-receiver spread was largely made up of costs for transportation plus a distributor margin. ^{7/}

The farm-retail spread -- the sum of the farm-receiver and receiver-retailer spreads -- differs less among cities than does either of its parts. In some cities, receiver prices are "f. o. b. delivered city prices" and in other cities they are "wholesale selling prices." The f. o. b. prices are those paid by the first receivers whereas the wholesale prices are those received by the first receivers. Some overlapping of wholesale and first-receiver prices is possible because of the narrow spreads involved.

Types of services performed by wholesalers and transportation costs influence differences in component spreads among cities. Prices to retailers in Boston are reported on a "not delivered" basis whereas these prices in other cities are on a "delivered" basis. Prices to retailers in Boston could be adjusted to a delivered basis by adding from 1 to 2 cents a pound. Such an adjustment would reduce retail store spreads and increase receiver-retailer spreads in that city by a like amount. With this adjustment in the Boston price, the spreads between city receiver prices and retailer paying prices differ little among cities. The services involved in

^{6/} The receiver-retailer price spread on large turkeys in Boston in 1958 (table 6) was identical with the one reported for wholesalers in that city in 1955, but the spread on medium turkeys was 1 cent a pound higher in 1958 than in 1955. Information for Washington in 1954 and for Boston and Cincinnati in 1955 was derived from Rinear, Earl H., Marketing Margins and Practices for Turkeys Sold in Three Eastern Markets, U. S. Dept. Agr., Mktg. Res. Rpt. 191, Aug. 1957.

^{7/} These spreads closely resemble those for turkeys marketed in Cincinnati in 1955 -- a processor spread of 7.5 cents a pound and transportation cost of 1 cent a pound. See reference cited in footnote 6.

marketing turkeys from farms to consumers in different cities are similar. Farm-retail spreads for turkeys are more uniform among cities than are similar spreads for frying chickens.

Comparison of Price Spreads for Medium-Size Turkeys
and Frying Chickens

Although prices for medium turkeys at various market levels were about 10 cents a pound higher than prices for frying chickens, the five-city average farm-retail spread for medium turkeys during October-December 1958 was only 0.9 cent a pound higher than the spread of 20.9 cents for frying chickens in the same cities. Prices are higher for turkeys primarily because it costs more to produce them.

Retail store spreads were smaller but other elements of the gross margin were wider on medium turkeys than on frying chickens. Spreads for turkeys and frying chickens in the fourth quarter of 1958 were:

	<u>Medium Turkeys</u> <u>Cents a pound</u>	<u>Frying Chickens</u> <u>Cents a pound</u>
Spread:		
Retail store	10.3	12.1
Receiver-retailer	3.5	2.5
Farm-receiver	8.0	6.3
Total farm-retail	21.8	20.9

Marketing techniques are similar for turkeys and frying chickens. The wider spread for turkeys, especially between the farm value and the price to retailers, probably was due to (1) greater seasonality in turkey processing and concentration in fewer commercial producing areas, (2) more long-distance hauling of turkeys from major commercial producing areas such as from California to the east coast, and (3) more storage costs because of the higher seasonality of slaughter.

The low retail markups taken on turkeys during this period in most cities were partially due to efforts on the part of retailers, especially supermarkets, to market turkeys at prices which would attract customers and enhance total sales. Retailers received some assistance in promoting the sale of turkeys from wholesalers and special interest groups affiliated with the turkey industry. This promotional assistance came in various forms, including merchandising counsel, posters and signs, flyers, and newspaper advertisements. Frying chickens frequently were sold as special low margin items in some cities throughout the year.

Decline in Prices

Five-city October-December average prices for medium turkeys at most market levels have declined from year-earlier levels each year since 1955. However, the October-December average retail price in 1958 was 2.9 cents above the 1957 average. Turkey production increased from about 65 million head in 1955 to a record of nearly 81 million head in 1957. The volume decreased to about 78 million head in 1958. Thus, retail prices tend to move inversely to production volumes.

Prices for turkeys usually decline only slightly from October to December. This intraseasonal stability in prices may be largely the result of the prevailing practice among major retail outlets of buying large quantities of turkeys in the late summer and early fall for later distribution.

Lower Prices During Preholiday Period

Retail prices of turkeys generally have been lower during the few days before Thanksgiving and Christmas holidays than at most other times as many stores featured turkeys in their advertisements during the pre-holiday period. Therefore, farm-retail spreads for turkeys, based on midmonth prices obtained by the Bureau of Labor Statistics, have been higher than during the few days preceding Thanksgiving and Christmas. Newspaper-advertised prices of chain stores and large independent retailers during the few days preceding Thanksgiving and Christmas in 1958 in 6 cities -- Atlanta, Boston, Cleveland, Los Angeles, St. Louis, and Washington, D. C. -- averaged more than 11 cents per pound below the mid-month retail prices reported by the BLS. This difference of 11 cents, however, was not caused entirely by the difference in the date prices were collected. These newspaper prices were simple averages of prices advertised by a not-necessarily representative sample of chain stores and large independent stores in each city, whereas BLS prices were weighted averages of prices of chain stores and independent retailers included in their stratified random sample in each city.

Volume of Sales During Holiday Season

Studies made in Washington, D. C., in 1954, and in Boston and Cincinnati in 1955, indicate that about two-thirds of all turkeys sold by retailers and wholesalers in these markets and by processors shipping to the Boston market were distributed during October-December. ^{8/} Medium turkeys represented a fairly stable percentage throughout the year of the varying monthly volumes of turkeys sold by chain stores but the proportion of large turkeys increased substantially in November and December and the proportion of small turkeys decreased sharply.

^{8/} See reference cited in footnote 6.

ASSEMBLING NEW ENGLAND POULTRY 1/

Technological and organizational advances in farm production and processing of poultry have facilitated volume-handling of live birds and have lowered assembly costs. Acceptance by consumers of ice-packed poultry has resulted in a shift of processing towards large-scale country plants, so the function of assembling live birds from farms has become more localized in producing areas. For these reasons processing plants and firms servicing these plants have become the primary assemblers of poultry.

In contrast, slaughtering in cities has decreased as has the importance of receivers and buyers of live poultry and stores specializing in live poultry. Long-distance movements of live poultry to New York, Boston, and other population centers have declined absolutely and relatively to shipments of ice-packed poultry.

Newer Types of Firms Dominate Assembly System

The present assembling system in New England is a mixture of the old and the new. The older system is characterized by decreasing operations and a pessimistic outlook as numbers of small slaughterers, live-poultry stores, buyers of live poultry, terminal market live-poultry receivers, and city dressing plants dwindle. The newer types of firms have gained at the expense of the older types through extensive use of contract production. The forces which have produced the changes in the assembling system are still operating, but the question of predominance has long since been decided.

The small poultry farms of the past were serviced by small-volume assemblers. But the substantial decline in the number of poultry farms and an increase in their average size have reduced supplies available to the small assembler. Such firms usually are unable to handle large lots within a short-time period.

Most meat chickens now are produced under contract arrangements with large processors, feed companies, hatcheries, and independent contractors. This development has increased control of these firms over production and sales practices. Large processors, the contract haulers they employ, and contractors who also haul live poultry have become more important in recent years as assemblers of live poultry. Many large processors and contractors formerly were buyers of live poultry and other former independent live-poultry buyers have affiliated with specific processing plants as contract haulers.

Yet, some of the older types of assembling firms such as live-poultry buyers, live-poultry stores, and small slaughterers are still important in supplying customers who prefer to examine live birds at the point of slaughter. Also, these small firms are important in gathering such small and scattered lots of poultry which remain, particularly in noncommercial poultry producing areas.

1/ Prepared by George B. Rogers, Harold B. Jones, and Edwin T. Bardwell, Mktg. Res. Div., Agr. Mktg. Serv.

Types of Assemblers Defined

Most assemblers carry on several marketing functions in addition to hauling poultry. These may include buying and selling, contracting, growing, processing, and distributing. However, for each type of firm one function is clearly primary to its existence, organization, and operation. The major features of each type of assembler of live poultry are listed below:

Processing plants slaughter and eviscerate poultry for sale to volume buyers. Other functions are contributory in nature. Most plants are located at country points.

Contract haulers haul poultry mainly for processing plants at a fixed contract rate per pound. They seldom take title to any poultry.

Contractors finance growing operations. They obtain the bulk of their volume from independent farmers to whom they extend financing for cash items. They commit some lots in advance to specific plants and negotiate sales of other lots when birds reach market size.

Live-poultry buyers purchase small and mixed lots of poultry from scattered, independent producers and resell them in live form.

Live-poultry stores sell to the Kosher trade and to other customers wishing to purchase or select live birds at the point of slaughter. They are part-time slaughterers. Usually they are located in heavily populated areas.

Small slaughterers combine local assembly with processing, sales, and delivery to nearby retail outlets and consumers. Volume per plant is less than 30,000 pounds a year and operations generally are on a part-time basis.

New Types of Firms Haul Most Farm Poultry

Of 350 potential assemblers of live poultry in New England in 1957, fewer than 20 percent were processing plants, contractors, and contract haulers (table 7). But these 67 firms hauled nearly 88 percent of the volume available from farms. The remainder was hauled by 265 buyers of live poultry, live-poultry stores, and small slaughterers. About 5 percent of the 350 firms were inactive or in the process of transition to wholesale distributing or retailing operations.

Assemblers delivered to other types of assembling firms almost 30 percent of the 470 million pounds of live poultry they hauled from farms. The predominant movement between types of firms was from contract haulers, contractors, and live-poultry buyers to processing plants. In addition, firms of like type (such as processors) sometimes exchanged poultry with each other. This exchange helped to equate supplies of individual market classes on hand with customers' requirements.

Table 7.- Poultry assembling firms: Type, number, volume, and market classes of poultry assembled, New England, 1957

Type of firm	Firms	Total volume handled	Volume hailed from farms 1/	Type of poultry hauled			
				Broilers	Heavy, young chickens	Other 2/	Total
	Number	Million pounds	Million pounds	Percent	Percent	Percent	Percent
Processing plants	35	422.9	285.6	75.8	15.1	9.1	100.0
Contract haulers	10	81.5	81.5	84.7	5.9	9.4	100.0
Contractors 3/	22	45.5	45.4	60.4	35.7	3.9	100.0
Live-poultry buyers	125	56.1	52.6	11.4	50.6	38.0	100.0
Live-poultry stores	90	6.0	3.9	41.1	41.0	17.9	100.0
Small slaughterers	50	.8	.6	17.0	33.0	50.0	100.0
Inactive and transitional units	4/18	5/	6/	---	---	---	---
Total or average ..	350	612.8	469.6	68.3	19.7	12.0	100.0

1/ Excludes off-farm deliveries by producers to assemblers, but includes acquisitions at cooperative live-poultry auctions.

2/ Mostly fowl and roosters; includes minor quantity of turkeys.

3/ Includes only firms which haul.

4/ Including 7 formerly engaged in processing.

5/ Not available.

6/ Insignificant.

The older (and smaller) assembling firms haul a higher percentage of fowl (a mature female chicken usually at least 10 months old) than do the newer firms. However, most assembling firms now handle a larger volume of young chickens than of fowl. Although most of New England's turkey output is produced, processed, and sold by specialized units, all types of assembling firms acquire a few turkeys, mostly surplus young birds and breeders.

Two-Thirds of Volume of Assembling Firms from Contract Sources

Almost two-thirds of the 470 million pounds of live poultry hauled by New England assembling firms in 1957 was from farms under contract to, or owned by, the hauler or his employer (table 8). About two-thirds of the volume processors hauled was from contract sources; for contractors, the proportion was more than 95 percent; and, for contract haulers, 83 percent. In contrast, more than 93 percent of the volume hauled by live-poultry buyers and almost 100 percent of that hauled by live-poultry stores and small slaughterers was from independent sources.

Table 8.- Receipts and disposition of live poultry, by type of assembler and by source and outlet,
New England, 1957

Sources and outlets	Type of assembler						
	Process- ing plants	Contract: haulers	Contract: tours	Live- poultry buyers	Live- poultry stores	Small slaugh- terers	Total
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Receipts obtained from:							
Deliveries by producers	3.1	---	---	---	0.2	0.1	1/3.4
Assembler collections from:							
Assembler-owned farms	5.6	.4	9.5	1.4	---	.1	17.0
Own contract producers	170.6	---	32.1	---	---	---	202.7
Other contract producers ..	13.5	67.3	1.7	2.1	---	---	84.6
Independent producers 2/ ..	95.9	13.8	2.1	49.1	3.9	.5	165.3
Total	285.6	81.5	45.4	52.6	3.9	.6	469.6
Other assemblers							
Total	134.2	---	.1	3.5	1.9	.1	139.8
	422.9	81.5	45.5	56.1	6.0	.8	1/612.8
Outlets:							
Other assemblers	1.2	76.5	35.1	26.7	.3	---	139.8
Sold outside New England	4.2	5.0	6.3	27.6	---	---	43.1
Slaughtered	417.5	---	4.1	1.8	5.7	.8	429.9

1/ Does not include 49 million pounds (live basis) of poultry sold from farms as processed poultry.
2/ Includes cooperative live auctions.

Supplies of fowl and related classes of poultry come largely from independent farms since integration has not developed to the same extent in New England in egg-producing enterprises as in commercial meat chicken enterprises. But almost three-fourths of the young-chicken volume is from farms under contract to assemblers of live poultry and their affiliates. About 4 percent of the total supply of live poultry in 1957 originated on farms owned by assembling or processing firms.

More Than 90 Percent of New England Poultry Slaughtered Locally

Of the total volume of 473 million pounds of live poultry handled by assembling firms and sold by producers in 1957, nearly 91 percent was slaughtered within New England and 43.1 million pounds, or about 9 percent, left the region alive. Movement of live poultry into New England was relatively small, about 2.6 million pounds. Live-poultry buyers accounted for the bulk of the out-movement which has declined both relatively and absolutely over the last decade.

Producers delivered about 3.4 million pounds of live poultry to various assemblers in 1957 and sold about 4.9 million pounds (live basis) as processed poultry. The five New England cooperative live-poultry auctions still functioning in 1957 handled only about 2.5 million pounds of poultry. The principal buyers on these auctions were live-poultry stores, processing plants, and live-poultry buyers -- in that order.

Resources Devoted to Assembling Poultry Declining, Efficiency Increasing

During 1951-57 the number of firms licensed by State departments of agriculture to haul live poultry in New England declined 55 percent. The number of poultry trucks licensed declined 47 percent. The number of one-truck firms declined 58 percent; firms with 2 to 6 trucks, 53 percent. Firms with 7 or more trucks increased in number, and the average number of trucks per firm increased.

Output of poultry meat in New England increased about one-third from 1951 to 1957. Hence, over the 6-year period, average volume of poultry hauled per licensed firm almost tripled and average volume per licensed truck increased 2-1/2 times. These increases in volume per firm and per truck have helped reduce costs of assembling. Increased labor efficiency has resulted from handling fewer but larger lots of poultry and from higher output per worker with larger crews. Furthermore, contract production has permitted economies through better truck-route organization and location of producing units, but full exploitation of these possibilities has not yet resulted.

The average number of pounds of poultry hauled annually per truck, per mile of travel, and per man-hour generally increased with the size of assembling firms (table 9). This increase with size of firm may be the result, in part, of a close relation between the size and type of firm, as well as the result of economies of scale in assembly.

Table 9.- Measures of performance efficiency for firms assembling live poultry, New England, 1957 ^{1/}

Type of firm	Annual volume hailed per firm	Trucks per firm	Percent- age of truck capacity used annually ^{2/}	Average volume of live poultry picked up -		
				Per truck- year	Per truck- mile traveled	Per man-hour spent in hauling
	1,000 pounds	Number	Percent	1,000 pounds	Pounds	Pounds
Processing plants ..	14,802	7.4	40.0	2,014	67.8	387
Contract haulers ...	11,936	5.5	38.0	2,170	77.0	342
Contractors	3,226	3.9	19.0	829	42.4	315
Live-poultry buyers :	629	1.3	18.5	473	24.1	177
Live-poultry stores :	64	1.0	9.5	64	9.6	84
Small slaughterers ..	11	1.0	7.0	11	3.1	38

^{1/} Based upon a stratified random sample of 75 firms.

^{2/} Annual capacity equals crate capacity of each truck times average weight per full crate of birds times two trips per day for 247 operating days.

Substantial Economies of Scale Likely in Assembling Poultry

Preliminary analyses indicate that some large firms were able to assemble live poultry in 1957 for 0.5 cent a pound. Many other firms operated on 1.0 cent a pound or less. But some firms incurred costs of as much as 2.0 to 5.0 cents per pound. Among the reasons for these high costs are: A sharply declining total volume, assembly of small individual lots of poultry, operation in areas where poultry production is scattered, and a low rate of utilization of equipment. Some former live-poultry buyers have turned to contract hauling arrangements with mileage limitations as a desirable alternative to independent operations over a wide geographical area. Many small firms often pay but scant attention to the efficiency of their assembly operations because assembly requires only a small part of the total margin obtained from processing and/or retailing.

Even when operations were confined to supply areas of comparable size, density, and other characteristics, unit costs of assembling live poultry declined with increasing firm size. Economies of scale were obtained for the two main variable cost items, labor and truck operating costs, as well as for fixed costs such as the ownership of equipment.

However, despite the substantial association of firm size and type with efficiency of operation, variations occurred for firms of like size and type. These reflected differences in the competency of management and in the ability of the firm to adjust to changing conditions. Further analysis is under way to determine the optimum combinations of assembling, processing, and distributing units for particular types of producing areas. It is probable that efficient smaller firms can best compete by integrating these functions, by concentrating on fowl and other heavy market classes, and by buying largely in noncommercial poultry areas.

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:	:	
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:	Stations may be obtained from the issuing Station.	:
:	:	:

Table 10.- Farm food products: Retail cost and farm value, January-March 1959, October-December 1958, January-March 1958, and 1947-49 average ^{1/}

Product ^{2/}	Retail unit	Retail cost						Net farm value ^{3/}					
		Jan.-		Oct.-		Percentage change:		Jan.-		Percentage change:		Jan.-	
		Mar.		Dec.		Jan.-Mar. 1959:		Mar.		Jan.-Mar. 1959:		Mar.	
		1959	1958	1958	1958	1947-49 average:	1959	1959	1958	1947-49 average:	1959	1958	1958
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket ^{6/}		1,042.54	1,047.77	1,055.52	940.09	7/	-1	405.69	5/406.01	5/436.46	466.02	7/	-7
Meat products		287.60	288.84	283.14	256.08	7/	2	153.07	5/156.32	162.20	170.90	-2	-6
Dairy products		194.36	195.37	196.03	169.28	-1	-1	87.61	5/88.43	89.40	91.66	-1	-2
Poultry and eggs	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	90.83	93.31	98.68	117.01	-3	-8	55.25	55.60	62.65	80.69	-1	-12
Bakery and cereal products		160.65	160.93	159.09	121.96	7/	1	28.01	5/28.36	5/31.69	34.97	-1	-12
All ingredients		20.81	20.75	23.64	24.96	7/	-12	20.81	20.75	23.64	24.96	7/	-12
Grain		221.64	221.05	230.75	184.68	7/	-4	63.61	5/58.79	5/70.42	60.93	8	-10
All fruits and vegetables		124.95	124.09	140.47	103.91	1	-11	42.04	5/40.61	5/54.03	42.91	4	-22
Fresh fruits and vegetables		68.74	60.79	77.80	53.17	13	-12	21.55	17.53	5/29.83	22.97	23	-28
Fresh vegetables		96.69	96.96	90.28	—	7/	7	21.57	5/18.18	5/16.39	—	19	32
Processed fruits and vegetables		43.92	44.68	44.99	52.21	-2	-2	10.97	5/11.40	5/12.98	19.84	-4	-15
Fats and oils		43.55	43.59	42.84	38.87	7/	2	7.16	7.11	5/7.10	7.03	1	1
Miscellaneous products		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent
Beef (Choice grade)	Pound	83.2	81.0	78.8	68.5	3	6	51.3	48.9	50.5	48.5	5	2
Lamb (Choice grade)	Pound	69.0	74.6	74.6	63.9	-8	-8	36.8	41.2	43.5	44.2	-11	-15
Pork (retail cuts)	Pound	59.5	62.2	63.1	59.4	-4	-6	29.6	33.5	36.1	39.7	-12	-18
Butter	Pound	74.6	74.5	74.9	79.4	7/	7/	51.6	5/51.6	51.7	59.3	0	7/
Cheese, American process	Pound	58.2	57.9	58.2	52.6	1	0	28.4	28.4	29.0	32.0	0	-2
Ice cream	Pint	29.6	29.7	29.6	—	7/	0	8/55	8/55	8/56	—	0	-2
Milk, evaporated	14 1/2 ounce can	15.2	15.1	15.0	13.7	1	1	6.4	6.2	6.4	7.1	3	0
Milk, fluid	Quart	24.6	24.8	24.9	20.1	-1	-1	10.8	11.0	11.1	10.6	-2	-3
Chickens, frying, ready-to-cook	Pound	44.5	43.2	48.8	—	3	-9	23.7	21.4	28.2	—	11	-16
Eggs	Dozen	54.7	58.4	59.0	66.7	-6	-7	36.3	38.7	39.9	48.0	-6	-9
Bread, white													
All ingredients	Pound	19.5	19.6	19.1	13.5	-1	2	2.8	2.8	3.2	3.3	0	-12
Wheat	Pound	—	—	—	—	—	—	2.3	2.3	2.6	2.7	0	-12
Crackers, soda	Pound	29.2	29.3	29.2	—	7/	0	3.5	3.5	4.0	—	0	-12
Corn flakes	12 ounces	25.6	25.6	25.2	17.1	0	2	2.5	2.4	3.3	3.2	4	-24
Corn meal	Pound	12.9	12.9	12.8	11.8	0	1	2.6	2.4	3.4	3.6	8	-24
Flour, white	5 pounds	54.9	54.8	55.3	48.4	7/	-1	17.4	17.6	19.9	21.0	-1	-13
Rolled oats	18 ounces	20.4	20.4	20.2	14.5	0	1	3.6	3.5	3.7	4.9	3	-3
Apples	Pound	13.2	12.1	13.5	11.9	9	-2	5.8	5.1	5.3	5.4	14	9
Grapefruit	Each	11.9	9/13.2	12.0	8.5	-10	-1	2.3	9/3.0	2.4	1.4	-23	-4
Lemons	Pound	19.1	18.5	19.0	17.7	3	1	4.6	4.2	4.3	5.7	10	7
Oranges	Dozen	61.4	79.9	65.6	46.6	-23	-6	20.9	5/28.2	24.3	12.6	-26	-14
Beans, green	Pound	29.5	22.2	10/	21.1	33	10/	13.3	9.3	10/	9.3	43	10/
Cabbage	Pound	9.9	7.2	11.3	6.9	38	-12	2.2	1.7	3.4	1.9	29	-35
Carrots	Pound	14.5	13.9	16.0	11.1	4	-9	2.7	3.1	3.7	4.0	-13	-27
Celery	Pound	14.2	14.3	15.4	—	-1	-8	30	38	47	—	-21	-36
Lettuce	Head	17.7	17.5	17.8	14.5	1	-1	5.9	5.3	6.5	6.3	11	-9
Onions	Pound	11.9	9.1	9.5	8.4	31	25	5.9	2.9	3.5	3.7	103	69
Potatoes	10 pounds	53.9	50.5	64.7	51.9	7	-17	11.6	11.6	5/25.3	25.6	0	-54
Sweetpotatoes	Pound	14.0	13.0	15.7	11.6	8	-11	4.7	4.1	6.0	4.8	15	-22
Tomatoes	Pound	33.4	26.7	40.7	—	25	-18	13.3	9.3	16.5	—	43	-19
Orange juice, canned	46 ounce can	46.9	45.8	34.8	—	2	35	17.6	9.9	7.3	—	78	141
Peaches, canned	No. 2-1/2 can	35.3	34.8	34.3	31.5	3	4	6.2	6.2	6.0	5.3	0	3
Beans with pork, canned	16 ounce can	15.1	15.2	15.0	—	-1	1	2.2	2.2	2.7	—	0	-19
Corn, canned	No. 303 can	18.8	18.2	17.5	16.7	3	7	2.3	2.3	2.4	2.7	0	-4
Peas, canned	No. 303 can	20.9	21.1	21.2	21.4	-1	-1	3.0	3.0	3.1	3.0	0	-3
Tomatoes, canned	No. 303 can	15.9	16.3	16.0	14.2	-2	-1	2.4	2.4	2.3	2.6	0	4
Orange juice concentrate, frozen	6 ounce can	25.8	28.9	23.7	—	-11	9	9.6	8.7	5.9	—	10	63
Strawberries, frozen	10 ounces	26.2	26.4	26.2	—	-1	0	6.1	6.1	4.7	—	0	30
Beans, green, frozen	9 ounces	23.0	23.1	22.6	—	7/	2	4.3	4.3	4.4	—	0	-2
Peas, frozen	10 ounces	19.9	19.9	19.6	—	0	2	3.1	3.1	3.2	—	0	-3
Dried beans (navy)	Pound	17.2	17.9	16.9	19.9	-4	2	6.4	6.2	7.3	9.7	3	-18
Dried prunes	Pound	39.2	36.7	33.0	23.1	7	19	17.9	5/13.9	5/9.8	8.8	29	83
Margarine, colored	Pound	28.9	29.0	29.8	39.7	7/	-3	6.6	5/6.6	8.2	12.2	0	-20
Peanut butter	Pound	56.0	56.7	54.1	—	-1	4	19.1	18.8	17.4	—	2	10
Salad dressing	Pint	37.8	37.9	37.8	37.8	7/	0	6.4	5/6.5	7.0	10.0	-2	-9
Vegetable shortening	3 pounds	90.6	92.9	95.4	105.6	-2	-5	23.3	5/24.1	5/29.6	46.2	-1	-20
Corn sirup	24 ounces	26.4	26.2	25.3	—	1	4	2.8	2.8	2.6	—	0	8
Sugar	5 pounds	56.3	56.9	55.6	48.4	7/	2	20.1	20.1	5/20.1	19.4	0	0

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

^{4/} Preliminary estimates.

^{5/} Most retail cost figures for October-December 1958 have been revised; figures in other columns revised as indicated.

^{6/} Sum of product groups may differ slightly from market-basket total because of rounding of averages.

^{7/} Less than 0.5 percent.

^{8/} Farm values of cream and milk only.

^{9/} 2-month average.

^{10/} Insufficient data.

Table 11.- Farm food products: Farm-retail spread and farmer's share of the retail cost, January-March 1959, October-December 1958, January-March 1958, and 1947-49 average 1/

Product 2/	Retail unit	Farm-retail spread 3/					Farmer's share				
		Jan.-Mar. 1959	Oct.-Dec. 1958	Jan.-Mar. 1958	1947-49 average	Percentage change from -	Jan.-Mar. 1959	Oct.-Dec. 1958	Jan.-Mar. 1958	1947-49 average	
		4/	5/			Oct.-Dec. 1958	Jan.-Mar. 1958	4/			
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket 6/		636.85	641.75	5/619.06	474.07	-1	3	39	39	41	50
Meat products		134.53	132.52	120.94	85.18	2	11	53	54	57	67
Dairy products		106.75	106.94	106.63	77.62	7/	7/	45	45	46	54
Poultry and eggs	Average quantities purchased	35.57	37.71	36.03	36.32	-6	-1	61	5/60	63	69
Bakery and cereal products	per urban wage-earner and clerical-worker family in 1952	132.64	132.57	5/127.40	86.99	7/	4	17	18	20	29
All ingredients		---	---	---	---	---	---	13	13	15	20
Grain		---	---	---	---	---	---	---	---	---	---
All fruits and vegetables		158.03	162.26	5/160.33	123.75	-3	-1	29	5/27	5/31	33
Fresh fruits and vegetables		82.91	83.43	5/86.44	61.00	-1	-4	34	33	38	41
Fresh vegetables		47.19	43.26	5/47.97	30.20	9	-2	31	29	38	43
Processed fruits and vegetables		75.12	78.73	5/73.89	---	-5	2	22	19	18	---
Fats and oils		32.95	33.23	5/32.01	32.37	-1	3	25	26	29	38
Miscellaneous products		36.39	36.43	5/35.74	31.84	7/	2	16	16	17	18
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef (Choice grade)	Pound	31.9	32.1	28.3	20.0	-1	13	62	60	64	71
Lamb (Choice grade)	Pound	32.2	33.4	31.1	19.7	-4	4	53	55	58	69
Pork (retail cuts)	Pound	29.9	28.7	27.0	19.7	4	11	50	54	57	67
Butter	Pound	23.0	22.9	23.2	20.1	7/	-1	69	69	69	75
Cheese, American process	Pound	29.8	29.5	29.2	20.6	1	2	49	49	50	61
Ice cream	Pint	24.1	24.2	24.0	---	7/	7/	19	19	19	---
Milk, evaporated	1 1/2 ounce can	8.8	8.9	8.6	6.6	-1	2	42	41	43	52
Milk, fluid	Quart	13.8	13.8	13.8	9.5	0	0	44	44	45	53
Chickens, frying, ready-to-cook	Pound	20.3	21.3	20.6	---	-5	1	53	5/50	58	---
Eggs	Dozen	18.4	19.7	19.1	18.7	-7	-4	66	5/66	68	72
Bread, white											
All ingredients	Pound	16.7	16.3	15.9	10.2	-1	5	14	14	17	24
Wheat	Pound	---	---	---	---	---	---	12	12	14	20
Crackers, soda	Pound	25.7	25.8	25.2	---	7/	2	12	12	14	---
Corn flakes	12 ounces	23.1	23.2	21.9	13.9	7/	5	10	9	13	19
Corn meal	Pound	10.3	10.5	9.4	8.2	-2	10	20	19	27	31
Flour, white	5 pounds	37.5	37.2	35.4	27.4	1	6	32	32	36	43
Rolls oats	18 ounces	16.8	16.9	16.5	9.6	-1	2	18	17	18	34
Apples	Pound	7.4	7.0	8.2	6.5	6	-10	44	42	39	45
Grapefruit	Each	9.6	8/10.2	9.6	7.1	-6	0	19	8/23	20	16
Lemons	Pound	14.5	14.3	14.7	12.0	1	-1	24	23	23	32
Oranges	Dozen	40.5	51.7	41.3	34.0	-22	-2	34	35	37	27
Beans, green	Pound	16.2	12.9	9/	11.8	26	9/	45	42	9/	44
Cabbage	Pound	7.7	5.5	7.9	5.0	40	-3	22	24	30	28
Carrots	Pound	11.8	10.8	12.3	7.1	9	-4	19	22	23	36
Celery	Pound	11.2	10.5	10.7	---	7	5	21	27	31	---
Lettuce	Head	11.8	12.2	11.3	8.2	-3	4	33	5/30	37	43
Onions	Pound	6.0	6.2	6.0	4.7	-3	0	50	32	37	44
Potatoes	10 pounds	42.3	38.9	5/39.4	26.3	9	7	22	23	5/39	49
Sweetpotatoes	Pound	9.3	8.9	9.7	6.8	4	-4	34	5/32	38	41
Tomatoes	Pound	20.1	17.4	24.2	---	16	-17	40	5/35	41	---
Orange juice, canned	46 ounce can	29.3	35.9	27.5	---	-18	7	38	22	21	---
Peaches, canned	No. 2-1/2 can	29.6	28.6	28.3	26.2	3	5	17	18	17	17
Beans with pork, canned	16 ounce can	12.9	13.0	12.3	---	-1	5	15	14	18	---
Corn, canned	No. 303 can	16.5	15.9	15.1	14.0	4	9	12	13	14	16
Peas, canned	No. 303 can	17.9	18.1	18.1	18.4	-1	-1	14	14	15	14
Tomatoes, canned	No. 303 can	13.5	13.9	13.7	11.6	-3	-1	15	15	14	18
Orange juice concentrate, frozen	6 ounce can	16.2	20.2	17.8	---	-20	-9	37	30	25	---
Strawberries, frozen	10 ounces	20.1	20.3	21.5	---	-1	-7	23	23	18	---
Beans, green, frozen	9 ounces	18.7	18.8	18.2	---	-1	3	19	19	19	---
Peas, frozen	10 ounces	16.8	16.8	16.4	---	0	2	16	16	16	---
Dried beans (navy)	Pound	10.8	11.7	9.1	10.2	-8	19	37	5/35	46	49
Dried prunes	Pound	21.3	22.8	5/23.2	14.3	-7	-8	46	5/38	5/30	38
Margarine, colored	Pound	22.3	22.4	21.6	27.5	7/	3	23	23	28	31
Peanut butter	Pound	36.9	37.9	36.7	---	-3	1	34	33	32	---
Salad dressing	Pint	31.4	31.4	30.8	27.8	0	2	17	17	19	26
Vegetable shortening	3 pounds	66.8	68.3	5/65.8	59.4	-3	2	26	26	31	44
Corn sirup	24 ounces	23.6	23.4	22.7	---	1	4	11	11	10	---
Sugar	5 pounds	36.7	36.8	5/35.5	29.0	7/	3	35	35	36	40

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ The farm-retail spread is the difference between the retail cost and the net farm value, table 10.

4/ Preliminary estimates.

5/ Most farm-retail spread figures for October-December 1958 have been revised; figures in other columns revised as indicated.

6/ Sum of product groups may differ slightly from market basket total because of rounding of averages.

7/ Less than 0.5 percent.

8/ 2-month average.

9/ Insufficient data.

Table 12.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, January-March 1959 1/

Product 2/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket 3/			1,042.54	---	---	405.69	636.85	39
Meat products			287.60	---	---	153.07	134.53	53
Dairy products			194.36	---	---	87.61	106.75	45
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker family in 1952	90.83	---	---	55.26	35.57	61
Bakery and cereal products	Farm produce equivalent to products bought by urban families		160.65	---	---	28.01	132.64	17
All ingredients			---	24.04	3.23	20.81	---	13
Grain			221.64	---	---	63.61	158.03	29
All fruits and vegetables			124.95	---	---	42.04	82.91	34
Fresh fruits and vegetables			68.74	---	---	21.55	47.19	31
Fresh vegetables			96.69	---	---	21.57	75.12	22
Processed fruits and vegetables			43.92	---	---	10.97	32.95	25
Fats and oils			43.55	---	---	7.16	36.39	16
Miscellaneous products								
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	83.2	55.9	4.6	51.3	31.9	62
Lamb (Choice grade)	2.41 lb. lamb	Pound	69.0	44.5	7.7	36.8	32.2	53
Pork (retail cuts)	2.13 lb. hogs	Pound	59.5	34.1	4.5	29.6	29.9	50
Butter	Cream and whole milk	Pound	74.6	---	---	51.6	23.0	69
Cheese, American process	Milk for American cheese	Pound	58.2	---	---	28.4	29.8	49
Ice cream	Cream and milk	Pint	29.6	---	---	4/5.5	24.1	19
Milk, evaporated	Milk for evaporating	14-1/2 ounce can	15.2	---	---	6.4	8.8	42
Milk, fluid	Wholesale fluid milk	Quart	24.6	---	---	10.8	13.8	44
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	44.5	---	---	23.7	20.8	53
Eggs	1.03 doz.	Dozen	54.7	---	---	36.3	18.4	66
Bread, white								
All ingredients	Wheat and other ingredients	Pound	19.5	---	---	2.8	16.7	14
Wheat	.894 lb. wheat	Pound	---	2.6	.3	2.3	---	12
Crackers, soda	1.40 lb. wheat	Pound	29.2	4.1	.6	3.5	25.7	12
Corn flakes	1.57 lb. white corn	12 ounces	25.6	3.4	.9	2.5	23.1	10
Corn meal	1.34 lb. white corn	Pound	12.9	2.9	.3	2.6	10.3	20
Flour, white	7.0 lb. wheat	5 pounds	54.9	20.2	2.8	17.4	37.5	32
Polled oats	2.31 lb. oats	18 ounces	20.4	4.2	.6	3.6	16.8	18
Apples	1.08 lb. apples	Pound	13.2	---	---	5.8	7.4	44
Grapefruit	1.04 grapefruit	Each	11.9	---	---	2.3	9.6	19
Lemons	1.04 lb. lemons	Pound	19.1	---	---	4.6	14.5	24
Oranges	1.04 doz. oranges	Dozen	61.4	---	---	20.9	40.5	34
Beans, green	1.09 lb. snap beans	Pound	29.5	---	---	13.3	16.2	45
Cabbage	1.10 lb. cabbage	Pound	9.9	---	---	2.2	7.7	22
Carrots	1.06 lb. carrots	Pound	14.5	---	---	2.7	11.8	19
Celery	1.11 lb. celery	Pound	14.2	---	---	3.0	11.2	21
Lettuce	1.41 lb. lettuce	Head	17.7	---	---	5.9	11.8	33
Onions	1.06 lb. onions	Pound	11.9	---	---	5.9	6.0	50
Potatoes	10.42 lb. potatoes	10 pounds	53.9	---	---	11.6	42.3	22
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	14.0	---	---	4.7	9.3	34
Tomatoes	1.18 lb. tomatoes	Pound	33.4	---	---	13.3	20.1	40
Orange juice, canned	5.88 lb. Fla. oranges for canning	46 ounce can	46.9	---	---	17.6	29.3	38
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	35.8	---	---	6.2	29.6	17
Beans with pork, canned	.35 lb. Mich. dry beans	16 ounce can	15.1	---	---	2.2	12.9	15
Corn, canned	2.49 lb. sweet corn	No. 303 can	18.8	---	---	2.3	16.5	12
Peas, canned	.69 lb. peas for canning	No. 303 can	20.9	---	---	3.0	17.9	14
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	15.9	---	---	2.4	13.5	15
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	25.8	---	---	9.6	16.2	37
Strawberries, frozen	.51 lb. strawberries for processing	10 ounces	26.2	---	---	6.1	20.1	23
Beans, green, frozen	.71 lb. beans for processing	9 ounces	23.0	---	---	4.3	18.7	19
Peas, frozen	.70 lb. peas for freezing	10 ounces	19.9	---	---	3.1	16.8	16
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	17.2	---	---	6.4	10.8	37
Dried prunes	.97 lb. dried prunes	Pound	39.2	---	---	17.9	21.3	46
Margarine, colored	Soybeans, cottonseed, and milk	Pound	28.9	---	---	6.6	22.3	23
Peanut butter	1.77 lb. peanuts	Pound	56.0	---	---	19.1	36.9	34
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	37.8	---	---	6.4	31.4	17
Vegetable shortening	Soybeans and cottonseed	3 pounds	90.6	---	---	23.8	66.8	26
Corn sirup	1.90 lb. corn	24 ounces	26.4	3.5	.7	2.8	23.6	11
Sugar	36.79 lb. sugar beets	5 pounds	56.8	21.2	1.1	5/20.1	5/36.7	5/35

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ Market basket total may differ from sum of product group totals because of rounding of averages.

4/ Includes farm value of cream and milk only.

5/ Net farm value adjusted for Government payments to producer was 24.4 cents, farm-retail spread adjusted for Government processor tax was 33.9 cents, farmer's share of retail cost based on adjusted farm value was 43 percent.

Preliminary estimates.

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